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The Neutralisation Doctrine in EU Trade Mark Law: A Plea for Its Abolishment

This article focuses on the neutralisation doctrine established by the Court of Justice of the European Union in its *Picasso/Picaro* ruling. This doctrine stipulates that visual and/or phonetic similarity of conflicting signs can be neutralised by a conceptual difference between the signs if one of those signs has a clear and specific meaning which can be grasped immediately by the public. We trace the origin of the neutralisation doctrine as well as the manner in which the neutralisation doctrine has developed over the years. We then assess the position of the neutralisation doctrine in the broader phased assessment of similarity established by the Court of Justice of the European Union in *EUIPO/Equivalenza Manufactory*. We express our objections against the neutralisation doctrine and argue for its abolishment. In our view, the test of whether the public perceives a sign as referring to a trade mark which identifies goods or services or as a word or famous person is in essence a test of the distinctive character of that sign. In our concluding remarks, we argue once more for the abolishment of the neutralisation doctrine and provide some practical guidance to minimise its effects as long as it remains established law.

I. Introduction

In *Picasso/Picaro*, the Court of Justice of the European Union (CJEU) held that when at least one of two conflicting signs has a clear and specific meaning which can be grasped immediately by the relevant public, the conceptual differences between the signs may outweigh their visual and phonetic similarities.¹ This doctrine is known as the neutralisation doctrine.² One may also know it as the counteraction theory.³ In this article, we will stick to the term ‘neutralisation doctrine’.

When assessing whether or not a sign infringes on a trade mark within the meaning of Art. 9(2)(b) of the European Union Trade Mark Regulation (EUTMR), a court must first consider whether the signs at issue are similar (‘phase 1’). Phase 1 involves assessing the signs at issue in order to determine whether those signs are visually, phonetically and conceptually similar. This involves comparing the overall impression made by those signs on the relevant public.⁴ If similarity between the signs is established, even if the similarity is small, the court must assess whether the goods and services are similar and consequently whether the similarity between the signs and

the similarity between the goods and services results in a likelihood of confusion.

However, if the neutralisation doctrine applies, the visual and/or phonetic similarities between the signs are neutralised because of a conceptual difference. This means, according to the CJEU, that the signs in question are not similar even though visual and/or phonetic similarity was established.⁵ As a result, one of the constitutive requirements of Art. 9(2)(b) EUTMR is not fulfilled.⁶ The consequence of this is that the court does not have to assess if there is a likelihood of confusion. The purpose of this article is to explain how the neutralisation doctrine came into being, in which areas it conflicts with other doctrines of trade mark law and why, in the authors’ view, the doctrine of neutralisation should be abolished.

II. Background

Before the neutralisation doctrine became part of European trade mark law, a similar doctrine was already known in Germany. In *Bally/BALL* – rendered shortly after the Harmonisation Directive⁷ came into force – the Federal Supreme Court (Bundesgerichtshof) ruled that BALL is a common word in colloquial speech because of its meaning in sport and play equipment and because of its meaning as a dance.⁸ According to the Federal

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1 Case C-361/04 P *Claude Ruiz-Picasso and Others v OHIM* ECLI:EU:C:2006:25, para 20.

2 Case C-437/16 P *Wolf Oil v EUIPO (CHEMPOIL)* ECLI:EU:C:2017:737, para 44.

3 See for instance Case C-16/06 P *Les Éditions Alberts René SARL v EUIPO (Obelix/Mobelix)* ECLI:EU:C:2008:739.

4 Case C-328/18 P *Equivalenza Manufactory v EUIPO* ECLI:EU:C:2020:156, paras 68–71.

5 *ibid* para 75.

6 Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the Union trade mark [2017] OJ L154/1.

7 Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks [1989] OJ L40/1.

8 Federal Supreme Court, I ZR 136/89, [1992] GRUR 130 para 2b – *Bally v BALL*.

Supreme Court, the word BALL is a well-known word and therefore cannot be confused with a sign which is not derived from language – a fantasy word – such as BALLY. The fact that the word BALL is not used in the context of its conceptual meaning does not detract from this.⁹ According to the Federal Supreme Court, what matters is that a word *as such* – i.e. because of its linguistic meaning – is known to everyone. For that reason, a likelihood of confusion must be rejected.¹⁰

Almost ten years after *Bally/BALL*, the first dispute involving the neutralisation doctrine came before the General Court of the European Union (General Court). Not surprisingly, this case originated in Germany. In *Bass/Pash*, Pash Textilvertrieb filed an opposition against the registration of the word mark BASS, on the basis of its older German trade mark PASH.¹¹ The General Court ruled that the visual and phonetic similarities are largely neutralised by the conceptual differences between the signs.¹² Moreover, one of the signs has a clear and specific meaning which can be grasped immediately by the public. According to the General Court, the word BASS evokes a singing voice or musical instrument, whereas PASH could be associated with a game of dice. According to the General Court, the fact that the words do not designate or describe any characteristic of the products for which the signs in question were registered does not affect this conclusion. After all, this does not prevent the relevant public from understanding the meaning of the word BASS immediately. The General Court repeated this ruling in *Sir/Zibr*.¹³ In that case, the General Court ruled that conceptual differences can neutralise (phonetic) similarity, for there is neutralisation if ‘at least one of the marks at issue must have, from the point of view of the relevant public, a clear and specific meaning so that the public is capable of grasping it immediately’.

In *Picasso/Picaro*, the CJEU ruled on the neutralisation doctrine for the first time. The CJEU held that the neutralisation doctrine is an integral part of the determination of the overall impression given by signs and of the assessment of the likelihood of confusion between those signs.¹⁴ The CJEU found that the General Court had ascertained the visual, phonetic and conceptual elements of the signs, assessed the overall impressions produced and, on that basis, found that the degree of similarity was insufficient to establish a likelihood of confusion.¹⁵ The decision of the General Court was thus in line with the *Puma/Sabel* criterion.¹⁶ However, what the CJEU did not make clear is the effect of the neutralisation doctrine: are the signs at issue *not similar* because they are conceptually different

and one of the signs has a clear and specific meaning that the public is capable of grasping immediately, or is there *no likelihood of confusion* between the signs because of the neutralising effect? The CJEU leaves this question open, holding that the General Court, after examining the factors enabling the likelihood of confusion to be assessed, found that the degree of similarity was insufficient to establish a likelihood of confusion.¹⁷

In *Obelix/Mobelix*, the CJEU was given an opportunity to clarify the precise effect of the neutralisation doctrine, but once more did not provide such clarification. In this case, the appellant complained specifically that the General Court neutralised the visual and phonetic similarity because of a conceptual difference.¹⁸ According to the appellant, the neutralisation doctrine can only be applied when assessing the likelihood of confusion: two marks are similar if they are visually, phonetically or conceptually similar and a conceptual difference does not affect the (factual) visual or phonetic similarity. However, the CJEU fails to clarify the neutralisation doctrine by ruling again that:

‘the global assessment of the likelihood of confusion implies that conceptual differences between two signs may counteract aural and visual similarities between them, provided that at least one of those signs has, from the point of view of the relevant public, a clear and specific meaning, so that the public is capable of grasping it immediately’.¹⁹

Although in *Equivalenza* (see Section III), the CJEU is very clear on its position on the effect of the neutralisation doctrine, in *Wolf Oil/EUIPO* the CJEU already hints at the answer. In *Wolf Oil/EUIPO* the CJEU rules that:

‘the neutralisation of the visual and phonetic similarities of the signs at issue by their conceptual differences is examined when making the overall assessment of the similarity of those signs, which is based on the overall impression given by those signs’.²⁰

III. The phase test

As mentioned, the CJEU decided on the exact effect of the neutralisation doctrine in *Equivalenza*. This judgment is not only important for the clarification it provides on the neutralisation doctrine, but also for the assessment of trade mark infringement in general.²¹

Before *Equivalenza* it was unclear, particularly in the case law of the General Court, how exactly the ‘similarity’ of conflicting signs should be assessed.²² Two methods were used in parallel, which AG Saugmandsgaard Øe appropriately calls the flexible method and the strict method respectively.²³ Both the flexible method and the

⁹ The signs in question are used for shoes, leather goods and clothing.

¹⁰ *Bally v BALL* (n 8) para 20. The German text reads: ‘(...) da gemäß den nachfolgenden Erwägungen die Verwechslungsgefahr im kennzeichnungsrechtlichen Sinne aus Rechtsgründen auch dann zu verneinen ist, (...)’.

¹¹ Case T-292/01 *Phillips-van Heusen v Pash Textilvertrieb* ECLI:EU:T:2003:264.

¹² *ibid* paras 54-55.

¹³ Case T-355/02 *Mühlens GmbH & Co. KG v OHIM (Sir/Zibr)* ECLI:EU:T:2004:62, paras 49-50.

¹⁴ Case C-361/04 P *Claude Ruiz-Picasso and Others v OHIM* ECLI:EU:C:2006:25, para 21.

¹⁵ *ibid* paras 23-25.

¹⁶ Case C-251/95 *Puma v Sabel* ECLI:EU:C:1997:528, para 23.

¹⁷ *Claude Ruiz-Picasso and Others v OHIM* (n 14) para 20.

¹⁸ Case C-16/06 P *Les Éditions Alberts René SARL v EUIPO (Obelix/Mobelix)* ECLI:EU:C:2007:728, Opinion of AG Trstenjak, para 51.

¹⁹ *Les Éditions Alberts René SARL v EUIPO (Obelix/Mobelix)* (n 3) para 98.

²⁰ *Wolf Oil v EUIPO (CHEMPOIL)* (n 2) para 44.

²¹ We refer to our past Dutch contribution on the phase test, Jesper Vrieling and Jorn Torenbosch, ‘De fasentoets in het licht van *Equivalenza en Messi*’ [2021] IER 20.

²² For an overview of case law assessing similarity in different ways, we refer to footnotes 29 and 30 of Case C-328/18 P *Equivalenza Manufactory v EUIPO* ECLI:EU:C:2019:974, Opinion of AG Saugmandsgaard Øe.

²³ *ibid* paras 46-47.

strict method distinguish between two phases. In both methods, phase 1 consists of the assessment of the constitutive requirement of ‘similarity’ and phase 2 of the assessment of the degree of similarity as part of the question of whether there is a likelihood of confusion. However, the interpretation of the assessment in phase 1 differs in the two methods.

Under the strict method, the bar for concluding that there is similarity between the conflicting signs in phase 1 is set very low. The court must consider there to be a similarity if any visual, phonetic or conceptual similarity exists between the conflicting signs, however small that similarity may be. If there are also identical or similar goods or services, the court must proceed to phase 2 and assess the degree of similarity as part of the overall assessment of likelihood of confusion.

Thus, the strict method involves a low-threshold, factual comparison of the signs in phase 1. For this reason, the strict method does not allow, in phase 1, for consideration of, for example, the manner in which the goods or services are marketed or the neutralisation doctrine. The manner in which the goods and services are marketed and the question whether one of the two signs has a clear and specific meaning which can be grasped immediately by the public are, under the strict method, only considered in phase 2, the overall assessment of the degree of similarity as part of the global assessment of the likelihood of confusion.

The flexible method sets the bar in phase 1 higher than the strict method. Unlike the strict method, the flexible method uses two steps in phase 1. The first step is that the court must consider whether, and how much, similarity exists between the signs on a phonetic, visual and conceptual level. Once the court has done so, it must proceed to step two of phase 1. This second step is called the ‘global assessment of similarity’ in the flexible method²⁴ and involves the weighing of the identified phonetic, visual and conceptual similarities and differences against one another. If the differences are greater or outweigh the points of similarity, the court must rule that the signs are not globally similar and that the constitutive requirement of ‘similarity’ is not met. If there is no global similarity, the court does not have to make an overall assessment of the likelihood of confusion. Therefore, with the flexible method, it is possible that there is an actual similarity in a phonetic, visual or conceptual sense, but that the court will rule that the signs are not globally similar and therefore that the threshold of the requirement of ‘similarity’ is not met. Because of the difference in character compared to the strict method, the circumstances under which the goods or services have been marketed and the question whether the neutralisation doctrine applies are taken into account in phase 1 of the flexible method.

In his Opinion, AG Saugmandsgaard Øe expresses his preference for the strict method.²⁵ According to the AG, the strict method better matches the text of Art. 9(2)(b) EUTMR and the purpose of the Trade Mark Regulation as a whole. After all, it is possible that even a slight similarity in any aspect, even if the signs are not globally similar, can give rise to a likelihood of confusion. According

to the AG, it is therefore undesirable that a court, in accordance with the flexible method, does not perform a global assessment of the likelihood of confusion if the signs are not globally similar. According to the AG, the danger of the flexible method is that the court wrongfully anticipates the question whether there is a likelihood of confusion when assessing the similarity of the signs. According to the AG, another argument in favour of the strict method is that the neutralisation doctrine and the manner in which the goods are marketed are dealt with in phase 2 and not in phase 1. The AG is of the opinion that both the manner in which goods or services are marketed and the neutralisation doctrine belong, by their very nature, in phase 2. Both circumstances cannot ‘erase’ factual similarity at the stage of comparison of the signs. With regard to the neutralisation doctrine the AG stresses the point that, even if the doctrine is applicable, a likelihood of confusion cannot be ruled out.

For the most part, the CJEU agrees with its AG and predominantly opts for the strict method.²⁶ The CJEU emphasises that phase 1 and 2 must remain strictly separated and that phase 1 is a preliminary question with a low threshold. In phase 1, the signs must be compared on the basis of the overall impression they leave in the memory of the public, in light of the intrinsic qualities of the conflicting signs (para. 71). The circumstances under which the goods or services to which the signs refer are marketed should not be taken into account in phase 1.²⁷ According to the CJEU, this would lead to the absurd result that the same signs could be considered either similar or different depending on the goods and services to which they refer and the circumstances under which those goods and services are marketed (para. 72).

It stands out that the CJEU does not adopt the entire strict method. The CJEU rules that the neutralisation doctrine is part of phase 1 and not, as the AG suggested, of phase 2 (para. 75). According to the CJEU, the court must examine whether the neutralisation doctrine applies after establishing the visual, phonetic and conceptual similarity. With this ruling, the CJEU sticks to what it decided in *Wolf Oil/EUIPO*. Thus, it is more accurate to say that the CJEU opts for a ‘hybrid method’. This hybrid method is the same as the strict method, with the exception of when to apply the neutralisation doctrine.

IV. Objections to the neutralisation doctrine in phase 1

In our view, it is extremely unfortunate that the CJEU does not follow its AG completely and rules that the neutralisation doctrine is part of phase 1. We have a number of arguments for this.

Our first objection to the neutralisation doctrine in phase 1 is that, in this way, the CJEU makes the conceptual aspect of the similarity of the conflicting signs more important than the visual and phonetic aspects of similarity. After all, the neutralisation doctrine ensures that visual and phonetic similarity – even if the visual and

²⁴ *ibid* para 48.

²⁵ *ibid* para 66.

²⁶ *Equivalenza Manufactory v EUIPO* (n 4) paras 69-73.

²⁷ This consideration explicitly differs from Case C-552/09 P *Ferrero SpA v OHIM* ECLI:EU:C:2011:177, para 85. In that case, CJEU ruled that in assessing the similarity, the manner and circumstances in which the goods or services were marketed must be taken into account.

phonetic similarity is very high – can be ‘pushed aside’ by a neutralising conceptual difference. This contradicts the CJEU’s earlier stance that conceptual, visual and phonetic similarities in principle carry equal weight when assessing whether there is similarity between the conflicting signs, and if so, how much.²⁸

The second objection to the neutralisation doctrine in phase 1 is that the neutralisation doctrine, by its very nature, has nothing to do with the similarity of the conflicting signs, but with the question whether there is a likelihood of confusion. The effect of the neutralisation doctrine is that a major conceptual difference will push the visual and/or phonetic similarity into the background, thereby reducing the likelihood of confusion. This makes sense: if one of the two signs has a clear and specific meaning which can be grasped immediately by the public, it is less likely that the consumer will be confused, directly or indirectly, about the origin of the goods or services bearing that sign. The CJEU disregards this by placing the neutralisation doctrine in phase 1. The neutralisation doctrine should – if this doctrine belongs in European trade mark law (more on this in Section V) at all – be a factor in the global assessment of the likelihood of confusion. Indicative of this argument is that the neutralising effect of a conceptual difference does not always exclude a likelihood of confusion. For example, the CJEU itself once ruled in *REWE-Zentral* that when the conflicting signs are highly similar both phonetically and visually, conceptual differences may escape the consumer’s attention.²⁹

Our third objection is that the neutralisation doctrine carries a serious risk of jeopardising the purpose of the protection under Art. 9(2)(c) EUTMR (or in case of opposition proceedings, Art. 8(5) EUTMR), the protection for trade marks with a reputation. As we know from *Ferrero*, the constitutive requirement of ‘similarity’ – phase 1, which is a constitutive element in both Art. 9(2)(b) and Art. 9(2)(c) EUTMR – must be interpreted uniformly.³⁰ The degree of similarity required to grant sub c protection to trade marks with a reputation is lower than the degree of similarity that is required to grant sub b protection, but this only plays a role in the global assessment of the likelihood of confusion or the assessment of whether the public establishes a link between the conflicting signs. Although to date the CJEU has only applied the neutralisation doctrine in cases in which Art. 9(2)(b) EUTMR was invoked, the possibility cannot be ruled out that the neutralisation doctrine may also be applied in assessing similarity under Art. 9(2)(c) EUTMR.

The application of the neutralisation doctrine when assessing an opposition based on Art. 8(5) EUTMR already happened at the EUIPO, with one of the most famous trade marks in the world: APPLE. In recent opposition proceedings, Apple tried to take action on the basis of its word mark APPLE against the stylised wordmark EPPLA.³¹ Apple

invoked both Art. 8(1)(b) and Art. 8(5) EUTMR. The Opposition Division of the EUIPO rejected both claims on the basis of the neutralisation doctrine. In the context of Art. 8(5) EUTMR, the Opposition Division considers that the relevant public will not establish a link between APPLE and EPPLA, because the signs are conceptually different and APPLE has a clear and specific meaning that is grasped immediately by the public, which will neutralise any visual and phonetic similarity between the conflicting signs.³² After all, according to the Opposition Division, APPLE refers to ‘the firm, rounded edible fruit of a rosaceous tree, having red, yellow or green skin and crisp whitish flesh’.

The question whether Apple should or should not be able to successfully oppose the EPPLA sign is factual and we do not want to discuss that here. However, we consider it highly undesirable that the EUIPO applies the neutralisation doctrine in this case within the framework of Art. 8(5) EUTMR. It conflicts with the fact that a trade mark with a reputation like APPLE does not have any clear and specific meaning which can be grasped immediately by the public. After all, as a trade mark with a reputation, APPLE also has the meaning of an indication of origin. In other words: the fact that a trade mark has a reputation excludes that trade mark from having a clear and specific meaning which can be grasped immediately by the public. In the case of APPLE, the average consumer knows that an *apple* is a piece of fruit. However, in the context of computers and consumer electronics, the public inextricably links the sign APPLE with the iPhone, iPod, iMac, etc. The APPLE wordmark therefore has no *specific(!)* meaning at all. Depending on the context, it can either refer to a trade mark for consumer electronics or to a piece of fruit. Because APPLE, in the context of consumer electronics, refers to a trade mark with a reputation for those goods, the similarity cannot be neutralised in a factual sense.

Although a trade mark with a reputation can thus not be factually neutralised because it does not have a ‘clear and specific meaning’, a court cannot follow such a line of argumentation if it applies the neutralisation doctrine in phase 1. This is related to the fact that the CJEU invariably rules that the similarity in phase 1 may not be assessed in the light of the reputation of the earlier mark.³³ It leads to the following situation. In phase 1, in case of a conceptual difference between the conflicting signs, the court must assess whether one of the two signs has a clear and specific meaning which can be grasped immediately by the public. The best argument for why neutralisation cannot occur, namely the fact that the earlier mark has a reputation and therefore has no specific meaning, may not be considered in phase 1. The court may only rule on the reputation of the earlier mark in phase 2. However, a court does not assess the likelihood of confusion in phase 2 if it concludes that there is neutralisation in phase 1. After all, there is no ‘similarity’ in that case.

²⁸ Case C-342/97 *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* ECLI:EU:C:1999:323.

²⁹ Case C-22/10 P *REWE-Zentral AG v OHIM* ECLI:EU:C:2010:640, paras 46-47. It is also conceivable that in other situations, despite the neutralising effect of a conceptual difference, the public may be confused, for example if the earlier mark is very distinctive and the relevant public is not attentive.

³⁰ *Ferrero SpA v OHIM* (n 27) paras 51-52.

³¹ Opposition Division 25 January 2022, No B 3 132 125.

³² Opposition Division 25 January 2022, No B 3 132 125, pp 12 and 15.

³³ *Ferrero SpA v OHIM* (n 27) para 58, repeated in Case C-115/19 P *China Construction Bank Corp v EUIPO* ECLI:EU:C:2020:469, para 59.

It should be reiterated that the CJEU has never explicitly stated that the neutralisation doctrine is applicable in the context of Art. 9(2)(c) EUTMR, although it seems likely that the neutralisation doctrine is, in the light of *Ferrero*, applicable in the context of Art. 9(2)(c) EUTMR. On the basis of the arguments we presented, it is recommended that the CJEU, when the occasion arises, rules that the neutralisation doctrine is not applicable in the context of Art. 9(2)(c) EUTMR. It takes away the protection of trade marks that, by definition, do not have a clear and specific meaning, with no clear reason why this should be done.

All in all, we see multiple potential issues arising from the placement of the neutralisation doctrine in phase 1. The reasoning of the EUIPO in the *Apple* case is particularly worrying. In essence, the EUIPO reasons that when a word has a (dictionary) meaning, the neutralisation doctrine can be applied. This practically would mean that only fantasy words could be effective word marks. In practice, however, it seems that things might not be as worrisome. This is mainly the case because it can be deduced from the case law of the CJEU that the neutralisation doctrine may not be applied on the mere grounds that the word in question has a (dictionary) meaning. It is up to the party invoking the neutralisation doctrine to provide evidence that the public attributes a clear and specific meaning to the sign at issue (which it immediately grasps). The fact that a sign is comprised of a word that has a (dictionary) meaning is not sufficient evidence, contrary to what the EUIPO seems to suggest in the *Apple* case.³⁴ So far, the only case in which a clear and specific meaning that is grasped immediately by the public was established based on common knowledge was in *Messi/Massi*.³⁵ In this case, it was ruled that Lionel Messi was such a world-famous person that the public at large would – upon being confronted with the sign MESSI – immediately recognise it as the last name of one of the world's best football players.³⁶ These cases are highly exceptional.³⁷ When regular words are concerned, we are of the view that there is no room for such assumptions at all, regardless of whether the word can be found in a dictionary.

V. Neutralisation as part of distinctive character

In addition to the above-mentioned objections to the neutralisation doctrine in phase 1, it could also be argued

³⁴ See in this respect Case C-714/18 P *ACTC GmbH v EUIPO* ECLI:EU:C:2020:573, para 78.

³⁵ Joined Cases C-449/18 P and C-474/18 P *EUIPO v Lionel Andrés Messi Cuccittini, J.M.-E.V. e hijos SRL* ECLI:EU:C:2020:722.

³⁶ *ibid* para 74.

³⁷ A case similar to *Messi/Massi* is Case T-368/20 *Smiley Miley v EUIPO* ECLI:EU:T:2021:372. In *Smiley Miley* the General Court ruled that the name of the singer Miley Cyrus, just as Messi, has a clear and specific meaning. Although the successful appeal to the neutralisation doctrine in *Smiley Miley* closely resembles the successful appeal made by Messi in *Messi/Massi*, the situation is not entirely similar. In *Smiley Miley*, both parties assumed that 'Miley Cyrus' has an immediately understandable meaning (BoA para 51). As a result, the General Court considers this to be an established fact. In *Messi/Massi*, on the other hand, the clear and specific meaning of Messi was assumed on the basis of generally accessible sources. Unlike in *Messi/Massi*, the General Court did not in fact rule that on the basis of generally accessible sources, it can be assumed that the public recognises Miley Cyrus as the name of a famous singer.

that the possible neutralising effect of a conceptual meaning of a trade mark should be part of the assessment of the distinctive character of that trade mark, which in itself is a part of the global assessment of the likelihood of confusion, and as such the neutralisation doctrine should play no role in the assessment of similarity – neither in phase 1 nor in phase 2.

To illustrate our objection against the neutralisation doctrine as part of the assessment of similarity, *Picasso/Picaro* can serve as an example. If the public is confronted with the trade mark PICASSO for cars and – instead of recognising it as a trade mark for cars – the public *immediately and only* links PICASSO to the famous painter, then PICASSO does not lend itself to identifying cars as originating from a particular origin and therefore distinguishing them from cars with other origins.³⁸ In this unique case the trade mark PICASSO is devoid of any distinctive character in relation to the goods 'cars' and is invalid,³⁹ or at least can – and in our view should – be declared invalid.⁴⁰ However, if the public – in the context of cars – links the sign PICASSO to a car made by Citroën, then the sign PICASSO is not *immediately grasped by the (entire) public* as referring to the famous painter, and as such, PICASSO has distinctive character for the goods 'cars'. In that case, within the global assessment of likelihood of confusion, one may argue that PICASSO is less distinctive because of its (secondary) meaning as a reference to a painter, but this does not exclude the PICASSO trade mark from receiving protection under the likelihood of confusion criterion. After all, PICASSO is not devoid of distinctive character if it at least partially refers to a trade mark for cars, which, in our view, will most likely be the case when the name of a famous person is used as a trade mark for unrelated goods (such as PICASSO for cars). Indeed, the relevant public will most likely recognise both the famous person *and* a trade mark in such cases.

This example illustrates why, in our view, the neutralisation doctrine should not be part of the assessment of similarity between signs, as it can be factored into the assessment of distinctive character, which itself is part of the global assessment of likelihood of confusion. After all, the influence of an underlying conceptual meaning of a trade mark says something about the extent to which the public is able to recognise that trade mark as a trade mark (or not), and it is thus an assessment of the (lack of) distinctive character of that same trade mark. In other words, the interests that the CJEU tries to ensure with the neutralisation doctrine⁴¹ can be much better served when assessing the distinctive character of a sign as part of the global likelihood of confusion. It is dogmatically more correct and much clearer.

This solution leads to a layered structure and gives courts more guidance in an individual case. In the unique case that during the assessment of distinctive character it

³⁸ Charles Gielen already pointed this out in 2005, see Charles Gielen, 'Lijkt het nu allemaal minder op elkaar dan vroeger?' [2005] IER 61.

³⁹ Regulation (EU) 2017/1001, art 7(1)(b).

⁴⁰ *ibid* art 59(1)(a).

⁴¹ In particular, we have in mind the prevention of the monopolisation of language and/or 'public heritage'. See also in this respect Case C-361/04 P *Claude Ruiz-Picasso and Others v OHIM* ECLI:EU:C:2005:531, Opinion of AG Ruiz-Jarabo Colomer, para. 69.

is established that the trade mark in question has a clear and specific meaning which can be grasped immediately by the public and that the public will therefore not perceive the sign as a trade mark that identifies goods or services as originating from a particular origin, the sign could be declared invalid because it lacks all distinctive character.

However, if the sign has (i) acquired distinctiveness through use or if (ii) the relevant public thinks only partially of the underlying conceptual meaning – and as a result also partially of a trade mark that identifies goods or services as originating from a particular origin – then the trade mark has distinctive character and is subsequently still valid. Of course, the circumstance that the public thinks partially of the underlying conceptual meaning may cause reduced distinctive character, which is a factor that should be taken into account when assessing the likelihood of confusion. After all, it is established case law that the distinctive character of the trade mark is part of the assessment of the likelihood of confusion.⁴² One should keep in mind that the impact of an underlying conceptual meaning on the distinctive character of a trade mark is in itself also an assessment of all relevant circumstances. For instance, if the trade mark MESSI were to be placed on the back of a sports shirt between the shoulder blades, the underlying conceptual meaning of MESSI may be more detrimental to the distinctive character of that trade mark because it might cause a higher association with the underlying conceptual meaning thereof.

This suggested approach prevents a scenario where a trade mark is visually or phonetically similar to another sign but does not cause a likelihood of confusion,⁴³ solely because it has a clear and specific meaning which can be grasped immediately by the public.⁴⁴ Moreover, the suggested approach is more layered and nuanced, as it offers courts the option to weigh the conceptual meaning of a trade mark as one of the factors in the global assessment of the likelihood of confusion instead of mandating that signs with a clear and specific meaning which can be grasped immediately by the public can never be similar to another sign. Furthermore, assessing the conceptual meaning of a sign as a sub-criterion of the assessment of distinctive character places the neutralisation doctrine – a normative criterion – within a criterion that is also normative, namely the assessment of the degree of distinctive character, itself a part of the global assessment of the likelihood of confusion.

VI. Reverse neutralisation

The solution presented in Section V relates only to the case where an earlier mark has a clear and specific meaning which can be grasped immediately by the public. This situation must be separated from the situation where a *younger sign* has a clear and specific meaning which can be grasped immediately by the public. In *Messi/Massi*⁴⁵

the CJEU held that the neutralisation doctrine can also play a role when a proprietor of a trade mark with an earlier right opposes a younger mark or sign that has a clear and specific meaning which can be grasped immediately by the public. Also in this situation, we believe there is no room for applying the neutralisation doctrine as a normative correction to the factual question whether there is similarity between the conflicting signs.

A younger trade mark with a clear and specific meaning which can be grasped immediately by the public lacks distinctive character if the relevant public *only* thinks about the underlying conceptual meaning. The younger mark is then invalid, or at least can be declared invalid.⁴⁶ The younger mark with an underlying meaning that has at least partially distinctive character – for instance because the mark has acquired distinctive character or because it does not immediately evoke the underlying conceptual meaning in the minds of part of the relevant public – *may* cause confusion with an older similar⁴⁷ trade mark on the basis of Art. 9(2)(b) EUTMR.⁴⁸ If no earlier similar mark is registered, the younger mark can continue to exist as a valid mark – after all, the mark has distinctive character and can therefore serve as a sign that identifies the goods or services as originating from a particular company.

In our view, the above leads to correct and more preferable outcomes. The younger mark that lacks distinctive character because it has a clear and specific meaning which can be grasped immediately by the public should be declared invalid and the younger, at least partly distinctive trade mark that creates confusion with an earlier mark is rightly at odds with Art. 9(2)(b) EUTMR. On the other hand, the younger distinctive trade mark that does not cause confusion with an older trade mark can simply function as a trade mark.

VII. Recommendations and concluding remarks

In our view, the neutralisation doctrine should be abolished as a normative correction when assessing similarity. The influence of a clear and specific meaning of a sign which can be grasped immediately by the public should be taken into account when assessing the distinctive character of that sign as part of the global assessment of the likelihood of confusion.

However, according to the case law of CJEU, the neutralisation doctrine is – unfortunately, in our view – part of the assessment of the similarity between the conflicting signs. In case the CJEU does not follow our recommendation to abolish the neutralisation doctrine as part of the assessment of the similarity of signs, we advocate that the neutralisation doctrine at least be applied with restraint.

⁴² *Ferrero SpA v OHIM* (n 27) para. 58.

⁴³ Which contradicts *REWE-Zentral AG v OHIM* (n 29) paras 46-47.

⁴⁴ In this way, for example, an ‘Apple situation’ can be avoided, see section 4 above.

⁴⁵ *EUIPO v Lionel Andrés Messi Cuccittini, J.M.-E.V. e hijos SRL* (n 35).

⁴⁶ This situation is similar to the PICASSO example in Section V.

⁴⁷ We are thinking here specifically of the situation where the older trade mark MASSI for sporting goods wants to oppose the younger trade mark MESSI for the same goods. See *EUIPO v Lionel Andrés Messi Cuccittini, J.M.-E.V. e hijos SRL* (n 35).

⁴⁸ Case C-498/07 *Aceites del Sur-Coosur v EUIPO* ECLI:EU:C:2009:503, para 84, the reputation of a younger mark plays no role in the assessment of the likelihood of confusion. In our view, it is logical that the same applies to the distinctive character of a younger mark.

In this case, two key points must be borne in mind. First of all, we are of the opinion that the neutralisation doctrine should not apply to trade marks with a reputation within the meaning of Art. 9(2)(c) EUTMR. Secondly, we also advocate restraint in the area of evidence. In our view, assuming that the public knows a celebrity on the basis of common knowledge is only permissible in very exceptional cases. In the case of other word marks, we believe there is no room for any such assumptions *at all*, especially if the ‘clear and specific meaning’ of a word is based on the fact that this word can be found in a dictionary. In that case, neutralisation is indeed lurking for

every trade mark that is also a word in the language of the public, and trade mark protection would only remain effective for fantasy word marks. With regard to words – and for celebrities, except in exceptional cases – the neutralising impact of the conceptual meaning of a sign must be proven by the party that invokes the neutralisation doctrine.⁴⁹

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⁴⁹ In accordance with *ACTC GmbH v EUIPO* (n 34) para 78.