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**Austria**

Don't lose your trademark

**Fiebinger Polak Leon & Partners**

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# Austria

## Don't lose your trademark

Imagine the following discussion in the boardroom. The marketing officer cheerfully exclaims, "Everybody knows our trademark for the product we recently introduced – every newspaper has reported it, everybody is talking about it." The legal counsel replies worriedly, "Great, but we might have just lost our trademark – it might have become a common expression." Trademarks are usually catchier than the usual common names and nowadays consumers tend to use well-known trademarks synonymously with common names. In Austria, for example, the general public uses the trademarks UHU (for adhesives), ASPIRIN (for painkillers), INBUS (for hexagonal screwdrivers) and OBI (for apple juice) in a generic context. However, in most of these cases the consumers are – at least unconsciously – aware that these terms do not stand for a category of goods, but are trademarks for a certain company. Therefore, these trademarks are all still 'alive'. However, the Austrian Supreme Court has rendered two important judgments concerning the transformation of a trademark into a common term – the first shocked the brand companies, while the second put the court practice into (the right) perspective.

This chapter examines the enigma of how a well-known trademark can become a common name for a product, and how the holder of the trademark can prevent this transformation.

### Protection of trademarks

For a better understanding, it is useful to outline the conditions under which a trademark can be protected in Austria.

Trademarks are protected upon registration in the Trademark Register according to the Trademark Protection Act. Trademarks may be registered only if, among other requirements:

- they are distinctive;
- they are not descriptive in any way; and
- they do not consist of common terms.

If a trademark does not fulfil these requirements, it may be that the applicant can show that the trademark has acquired distinctiveness as a result of use on the market (ie, if a generic name is well known on the market and attributed to a company). This may be shown, for example, by opinion polls.

### Cancellation of trademarks

Trademarks can be cancelled for various reasons, including if the trademark holder wishes to discontinue trademark protection or by decision of the Patent Office if the trademark is challenged by a third party, which could be a prior rights holder. Under the Trademark Protection Act one ground for such a challenge is if a trademark, subsequent to its registration, has become a common name for the products for which it is registered, or if a trademark has subsequently lost its distinctiveness acquired by use on the market – in other words, if the trademark has lost one precondition for its registration. Any third party may file such challenge.

### WALKMAN case

In 2002 the Austrian Supreme Court held that the famous trademark WALKMAN had become a common name for portable audio cassette players. The Sony Corporation has developed and sold portable audio cassette players under the trademark WALKMAN since 1979. Since then Sony's Austrian subsidiary has been prosecuting infringements of this trademark on a regular basis at an average of two or three times per year. Nevertheless, at least among customers the term 'walkman' has become a synonym for such products and is used in common speech. Since the mid-1980s the term 'walkman' can be

found in German dictionaries as a common name for portable cassette players.

In this case Sony filed a complaint and a motion for preliminary injunction against an Austrian retailer that used the term 'walkman' to advertise portable audio cassette players other than Sony's. The retailer successfully argued that Sony had lost its trademark because the term 'walkman' had turned into the common name for such products.

The Supreme Court found as follows:

- The question of whether a term has become a common name is to be evaluated based on the perception of the relevant public, which in this case consisted of consumers and retailers of portable audio cassette players or similar products. Even though retailers knew that WALKMAN was a trademark registered by Sony, they used the term in a general way as a common name.
- A crucial factor for the Supreme Court to hold that the term 'walkman' had become a common name was the lack of an equivalent alternative term for the public to refer to portable audio cassette players (even for competitors' players). In the view of the Supreme Court no one uses another term for such products – no one says 'portable audio cassette player'. Therefore, the term 'walkman' has become the only common name for these products and functions like a monopoly.
- The protection of the term as a trademark might disturb communication in the relevant markets. Therefore, the trademark WALKMAN had to be demonopolised.
- Even the infringing use of a trademark by third parties can cause the transformation from a trademark to a common name. Therefore, it may not be enough just to enforce one's trademark rights against infringers.

Since Sony had not taken action to promote the establishment of an alternative common name and had accepted the use of 'Walkman' in dictionaries for portable audio cassette players, in the Supreme Court's view it had to accept the loss of its trademark rights.

#### MEMORY case

In 2004 the Supreme Court again ruled on the transformation of a well-known trademark into a common name. Ravensburger AG produces the famous Memory card game. It consists of pairs of cards printed with pictures, which are placed upside down. Players have to match pairs of cards using their memory, turning over two

cards per move. The game is available in 70 countries. Since its release in 1959 around 50 million copies of the game have been sold. Ravensburger holds several MEMORY trademarks and prosecutes infringements of its trademarks on a regular basis (just as Sony did). However, listings of the term 'memory' in encyclopaedias and newspaper articles regularly make reference to MEMORY's proprietary trademark status. Moreover, there are (alternative) terms designating this certain card game, such as the 'placing cards game'. Ravensburger guards the continuity of its trademark by applying the ® symbol alongside the trademark MEMORY.

In this case Ravensburger filed a complaint and a motion for preliminary injunction against an internet service provider (ISP) that made an online version of the card game available under the trademarks MEMORY, E-MEMORY and SPIEL-MEMORY. With reference to the WALKMAN case, the ISP argued that the trademark MEMORY had transformed into the card game's common name for the relevant public, which comprised only consumers. Therefore, Ravensburger should not be able to enforce its exclusive trademark rights.

The Supreme Court again held that the relevant public consisted of consumers, producers and retailers of the card game. In contrast to the WALKMAN case, the Supreme Court stated that the trademark MEMORY had not become a common name for the card game for the following reasons:

- While consumers might deem the term 'memory' to be a common term for the card game, retailers do not – at least, the defendant in the provisional proceedings was unable to prove that retailers understood the term 'memory' as a common name.
- The Supreme Court acknowledged that highly valuable and well-known trademarks are in danger of turning into common names. Therefore, strict requirements shall apply to the evaluation of whether a trademark has become a common name.
- In clarification of its WALKMAN judgment, the Supreme Court confirmed that the lack of an alternative term for the public to refer to portable audio cassette players was decisive for the question of whether a term had become a common name. However, the Supreme Court added that if such an alternative name is not available or equivalent in every aspect, the trademark will still be upheld. The alternative term need not be equally widespread as the trademark.

#### Comparison of the two cases

Why did Sony lose its trademark while Ravensburger did not?

First, in both cases the trademark holders prosecuted trademark infringements on a regular basis. However, only Ravensburger made sure that references to the mark *MEMORY* in encyclopaedias and newspaper articles were accompanied with an indication of its status as a trademark.

Second, in both cases consumers were using the trademarks as a common name for the particular product. The crucial factor in the *WALKMAN* case was that the term 'walkman' became the only common name for the product, whereas in the *MEMORY* case alternative terms were available.

Third, in the *WALKMAN* case even retailers used the term 'walkman' as the common name for portable audio cassette players, whereas retailers and producers of card games did not use the term 'memory' as the common name for the card game.

The *WALKMAN* case was the Supreme Court's first approach to the phenomenon of trademarks becoming common names. In the *MEMORY* case the Supreme Court had the chance to clarify (and correct) its position: the fact that there is no equivalent alternative term for a product category cannot be decisive for establishing that a trademark has become a common name. For example, a trademark that is the only term for a new product may in fact be regularly used as a trademark by the public: the relevant public using the trademark (even if they name competitors' products with the trademark) knows that the term 'walkman' designates a product of a certain undertaking (Sony). They allocate the term 'walkman' to Sony (which is sufficient to uphold it as a trademark), even if it is used in various other manners which do not destroy a trademark: the monopoly of a trademark does not prohibit pronouncing it as a trademark. Therefore, the existence of an alternative term for the product category is not necessary. The *MEMORY* Case diminished this factor: even if an alternative term is not available to certain sections of the relevant public, the trademark has not become a common name and may not be nullified.

However, neither case is substantially in line with developing court practice. On the one hand, the term 'portable audio cassette player' is not deemed to be a catchy alternative to the trademark *WALKMAN*. On the other hand, 'placing cards game' is held as an equivalent term to the trademark *MEMORY*. Both terms are not as catchy as the respective trademarks, which is of course the inherent attribute of a good trademark.

As the public uses the term 'walkman' for portable audio cassette players, it also uses the name *Memory* for placing cards games. Certainly, this is the view of the authors as consumers of the children's card game; however, in such cases the views of retailers and producers are often decisive.

## Conclusion and measures against transformation

The two Supreme Court cases lead to the following conclusions:

- Consumers tend to use well-known trademarks as common indications for product categories. This is not unusual. Therefore, the consumers' view might not be decisive for the question of whether a trademark has become a common name. However, this is an indication for a trademark holder to take a closer look at this issue.
- Often the views of retailers, suppliers, producers and other persons engaged in the chain of commerce of the relevant products (even competitors) will be relevant.
- If the trademark is used for a (possibly new) product type for which the public does not use an alternative common name, there is an actual danger that the trademark will transform into the common name for that product. For example, imagine a patented product marketed under a trademark becoming patent-free and continuing to be named under this trademark by the public. The danger increases if it is a popular product.

Companies can take certain measures against the transformation of their trademarks into a common name as follows:

- A company should avoid using a trademark to describe its (newly introduced) product. It should also avoid trademarks containing descriptive parts.
- A company should not use its trademark as a common name for its product in its product code and advertising (eg, in continuous text or as mere substantive).
- When launching a new product, a company should use the generic or alternative term first or simultaneously with its trademark.
- A company should ensure that its trademark is always accompanied by an indication of its proprietary trademark status (eg, 'registered trademark of...', ®, TM). It should ensure that its external public relations, marketing and advertising materials refer to the trademark as a trademark, not as a common name.
- A company should ensure that the market (at least retailers and suppliers) has a catchy alternative term at its disposal to name the product (as the *WALKMAN* case shows, terms such as 'portable audio cassette player' may not be equivalent).
- A company should prosecute trademark infringements on a regular basis, not only against competitors and retailers, but also against ostensible

generic use of the trademark, in particular in the course of comparative advertising (eg, 'we sell the best ASPIRIN'). It is important to generate established facts on the market.

- Often bringing an infringement action may not be sufficient. A company should observe market and non-market material, in particular dictionaries, encyclopaedias and newspapers, for generic use of its trademark.
- A company should ensure that any such use, in particular in dictionaries, encyclopaedias and newspapers, is not made without reference to the trademark status. In Austria, a trademark holder has

an enforceable right against the publisher of a dictionary or encyclopaedia to ensure that the reference to its trademark is accompanied by an indication that it is a registered trademark.

- A company should oblige its licensees to follow these rules and ensure that they do not use its trademark as a common name.

By fulfilling these requirements (although the above list is certainly not exhaustive), even the use of the trademark by consumers as a common term (which is certainly an indication of the success of a trademark) might not harm the trademark under Austrian law.

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