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Narrow scope of protection for collective mark HALLOUMI

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Introduction

Every now and then, the paths of trademark rights and collective marks cross. Collective marks differ from traditional trademarks in that they indicate goods or services which originate from a member of a trade association, as opposed to a single trader. In this sense, they are in some ways similar to geographical indications. However, as illustrated by a recent case, there are some fundamental differences.

This judgment relates to the collective mark HALLOUMI, covering a particular cheese originating from Cyprus. Even though HALLOUMI is a collective mark, and thus not a trademark in the traditional sense, the conditions for a successful opposition are no different: in the case of similar (but not identical) marks, it must be shown that there is:

- a likelihood of confusion;
- some kind of harm to reputation;
- dilution; or
- freeriding.

Facts

A company was granted a trademark registration for FALLOUMI for falafel in class 29 in Sweden. The Foundation for the Protection of the Traditional Cheese of Cyprus named Halloumi opposed the registration, invoking its prior rights to the collective mark HALLOUMI ("Χαλλούμι") for cheese in class 29. The Foundation argued that:

- the marks were confusingly similar;
- HALLOUMI was well known; and
- FALLOUMI would take unfair advantage of or be detrimental to the distinctive character or reputation of HALLOUMI.

Swedish Intellectual Property Office

The Swedish Intellectual Property Office rejected the opposition and upheld the registration. The Office found that the Foundation had not shown that HALLOUMI was well known. Instead, it held that the evidence on record showed that consumers did not perceive HALLOUMI as a trademark, but rather as a type of cheese from Cyprus. The Office noted, for example, that the evidence showed that in most cases, cheese sold under the HALLOUMI mark was also affixed with the company trademark of the relevant manufacturer.

The Foundation had also stated that HALLOUMI was used together with the mark of the customer (for example, ICA, one of Sweden's largest grocery chains). In its assessment of the likelihood of confusion, the Office found that the relevant goods – falafel and cheese – were different, and therefore that there was no likelihood of confusion.

The Foundation appealed to the Patent and Market Court (PMC).

PMC

The PMC dismissed the appeal. The PMC initially noted that collective marks are subject to the same requirement of distinctive character as individual trademarks, but that they may consist of signs indicating the geographical origin of the goods. The PMC confirmed the Office's conclusion that the Foundation had not shown that HALLOUMI was well known, and additionally held that it had a low degree of inherent distinctiveness as HALLOUMI is used as a designation for a certain kind of cheese from Cyprus.

The PMC found that there was a high level of similarity between the marks (the only difference being the first letter). Assessing the type of goods, the PMC noted that both goods are intended for consumption and may be used as meat substitutes, and therefore found that they were similar to a low degree. In its overall assessment, the PMC concluded that there was no likelihood of confusion.

The Foundation appealed the judgment to the Patent and Market Court of Appeal (PMCA).

PMCA

The PMCA agreed with the first-instance court's conclusions that the Foundation had not shown that HALLOUMI was well known, and that there was a high level of similarity between the two signs. In relation to similarity of goods, the PMCA found that falafel and cheese are complementary, rather than competing, goods.

Turning to the crucial issue of the level of distinctiveness and thus scope of protection for HALLOUMI, the PMCA held that the documents on record did not show whether, and if so to what extent, consumers perceived HALLOUMI as an indication of origin at the time of registration. Therefore, the PMCA found that no conclusions could be drawn regarding the level of inherent distinctiveness of the

mark. Regardless, the PMCA noted that HALLOUMI had been used to describe a certain type of cheese, for example in recipes or names of dishes. This led the PMCA to find that the level of distinctive character was low.

In light of the low level of distinctive character, the PMCA concurred with the PMC's findings on likelihood of confusion and dismissed the appeal.

Comment

This judgment highlights one of the struggles of collective marks – namely, showing that the trademark is perceived as an indication of commercial origin, even when it may be lawfully used by several different traders. This stems from the fact that they are positioned somewhere between regular trademarks and geographical indications.

Just like geographical indications, collective marks do not originate from a single company, but can and may be used by any number of companies or traders that meet the applicable criteria. The criteria could be a membership of an association or producing goods in a particular locality. If the members of such companies and/or locality can be properly defined, descriptive terms may be registrable as collective marks (which is not the case with regular trademarks).

Trademark law defines the scope of protection of a collective mark. Distinctiveness (whether inherent or acquired through use) is looked at in light of the ability to distinguish origin. The characteristics that collective marks share with geographical indications (ie, descriptiveness and multiple users) tend to erode their distinctiveness to the extent that often only identical or highly similar marks will be found to conflict the collective mark.

The Foundation has applied for a protective designation of origin for HALLOUMI, which would grant a wider scope of protection of origin and name. Although the process is time consuming and complex, this could well be the best way for HALLOUMI to regain some of its status and position among the big cheeses of the European Union.

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