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Trade Mark Functions in Business Practice: Mapping the Law Through the Search for Economic Content

Alvaro Fernandez-Mora*

Abstract

The functions theory seemed to herald the modernization of European trade mark law through the recognition and protection of trade mark functions other than source-identification, namely those of quality, advertising, investment and communication. However, more than a decade into its inception, the doctrinal edifice of trade mark functions remains far too underdeveloped to provide the required degree of legal certainty in everyday practice. Despite scholars' and decision makers' efforts to give content to these functions, their economic dimension remains largely unexplored. This article seeks to fill this gap in trade mark scholarship by exploring how each function maps to different branding strategies deployed by firms in the course of trade. This will bring much-needed clarity to the field by allowing to better delimit the contours of each function. Perhaps more importantly, it can provide the required analytical tools to better frame each function within its market context and, thus, for improved finetuning of the protection afforded to trade marks under the functions theory.

1. Introduction

Trade marks are distinctive signs allowing undertakings to distinguish their goods or services from those of their competitors. The core function performed by a mark is, thus, to signal commercial origin. Although essential, source identification is by no means the sole function that marks perform in the contemporary marketplace. Firms increasingly demand that marks perform a variety of functions, ranging from signalling information about quality or reputation to conveying complex meanings that can be relied upon by individuals for expressive purposes. In trying to keep pace with changing market realities, the Court of Justice of the European Union (CJEU) has developed a doctrinal apparatus that seeks to protect the multi-faceted dimension of trade marks by recognising that, in addition to the origin function, marks can perform quality, advertising, investment and communication functions.¹

Although the 'functions theory' –as this doctrine is commonly known– announced the modernization of European trade mark law, it remains heavily contested by commentators and domestic courts.²

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¹ Notable decisions in this regard include: *Case C-323/09, Interflora Inc v Marks & Spencer plc* (2011) ECR I-08625; *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (2010) ECR I-2417; *Case C-487/07, L'Oréal v Bellure* (2009) ECR I-05185. These will be explored in further detail in Section 2 below.

² See, amongst others: Annette Kur, 'Trade Marks Function, Don't They? CJEU Jurisprudence and Unfair Competition Practices' (2014) 45 *International Review of Intellectual Property and Competition Law* 434; Martin Senftleben, 'Function Theory and International Exhaustion: Why It Is Wise to Confine the Double Identity Rule in EU Trade Mark Law to Cases Affecting the Origin Function' (2014) 36 *European Intellectual Property Review* 518; Dev S Gangjee, 'Property in Brands' in

Quite apart from the widespread scepticism as to the need for this doctrine in the first place, twelve years into the decision in *L'Oréal v Bellure*—where the CJEU identified the four additional functions mentioned above—, the functions theory continues to raise more questions than it answers.³ Out of these four additional functions, only the advertising and investment functions have been defined to date. And even for these two functions there still remains much uncertainty since it is unclear how they differ from each other, how they would apply in double identity scenarios not involving keyword advertising,⁴ or even how they would map to dilution.⁵

In light of this situation, trade mark scholarship has devoted increased attention to deciphering and improving the doctrinal edifice of trade mark functions. For the most part, the literature on this topic has attempted to: (a) map the evolving interpretation of this doctrine by the CJEU and its Advocates General (AG), including efforts to accommodate the functions theory within the broader framework of European trade mark law or theorising on how best to apply it to ensure consistency and fairness;⁶ and/or (b) undertake a normative assessment of its justifiability in light of the overarching aims pursued by trade mark law.⁷ The normative intent underlying this paper falls under the former category. I do not set out to explore the justifiability of the functions theory broadly considered, nor to propose an overarching theory that can reshape its current configuration. My starting point is the recognition by the CJEU that trade marks perform several functions in addition to source identification—a finding that I do not wish to challenge. Less ambitious in scope, this piece seeks to contribute to trade mark scholarship by assisting academics, practitioners and decision makers in the interpretation of these additional functions in the search for enhanced clarity and, ultimately, consistency in the application of these functions.

I propose to do this by exploring an aspect of the functions theory that has been neglected by trade mark scholarship to date, more precisely, the economic content of trade mark functions. By overlooking the economic dimension of this doctrine, the existing scholarship on the topic has been unable to extract valuable lessons therefrom that can inform our legal understanding of the functions theory. The aim of this paper is to fill this gap in the literature by delving into the study of the economics of trade mark functions. Special emphasis will be placed on identifying how different functions map to different branding strategies deployed by firms in the course of trade with a view to better delimiting the contours of each function. The proposed exercise constitutes a worthwhile endeavour judging from the degree of confusion currently governing the interpretation of each

Helena Howe and Jonathan Griffiths (eds), *Concepts of Property in Intellectual Property Law* (Cambridge University Press 2013); Lisa P Ramsey and Jens Schovsbo, 'Mechanisms for Limiting Trade Mark Rights to Further Competition and Free Speech' (2013) 44 *International Review of Intellectual Property and Competition Law* 671; Tobias Cohen Jehoram, 'The Function Theory in European Trade Mark Law and the Holistic Approach of the CJEU' (2012) 102 *Trademark Reporter* 1243; Audrey Horton, 'The Implications of *L'Oréal v Bellure* – a Retrospective and a Looking Forward: The Essential Functions of a Trade Mark and When Is an Advantage Unfair?' (2011) 33 *European Intellectual Property Review* 550; Max Planck Institute, *Study on the Overall Functioning of the European Trade Mark System* (2011); Dev Gangjee and Robert Burrell, 'Because You're Worth It: *L'Oréal* and the Prohibition on Free Riding' (2010) 73 *Modern Law Review* 282; *L'Oréal v Bellure* (2010) 535 *EWCA (Civ)*.

³ *Case C-487/07, L'Oréal v Bellure* (n 1).

⁴ As will be explored in further detail in Sections 2.3 and 2.4 below, the advertising and investment functions have been developed by the CJEU in the context of cases dealing with unauthorized third party use of marks in keyword advertising, notably in *Case C-323/09, Interflora Inc v Marks & Spencer plc* (n 1); *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1).

⁵ This is discussed by Robert Burrell and Michael Handler, 'Reputation in European Trade Mark Law: A Re-Examination' (2016) 17 *ERA Forum* 85, 88; Horton (n 2) 555–56.

⁶ Luis H Porangaba, 'A Contextual Account of the Trade Mark Functions Theory' (2018) 3 *Intellectual Property Quarterly* 230; Kur (n 2); Annette Kur, 'Harmonization of Intellectual Property Law in Europe: The ECJ Trade Mark Case Law 2008-2012' (2013) 50 *Common Market Law Review* 773; Jehoram (n 2); Horton (n 2); Max Planck Institute (n 2); Ansgar Ohly, 'Keyword Advertising or Why the ECJ's Functional Approach to Trade Mark Infringement Does Not Function (Case Comment)' (2010) 41 *International Review of Intellectual Property and Competition Law* 879.

⁷ Senftleben (n 2); Kur (n 2); Gangjee (n 2); Jehoram (n 2); Gangjee and Burrell (n 2).

function, not only due to the lack of guidance from the CJEU, but also to the overlapping features of the additional functions identified by the court.⁸ Admittedly, the broad overlap between trade mark functions can call into question, from the outset, the value of doctrinal attempts at delimiting where one function ends and the others begin. This view, however, fails to acknowledge the fundamental role that clarity plays in ensuring a consistent and fair application of the law.

This can be illustrated by reference to two sets of functions: those of origin and quality, on the one hand, and those of advertising and investment, on the other. As regards origin and quality, these two functions are often understood to ‘go[...] hand in hand’,⁹ to the point where the latter ‘can be regarded as part’ of the former.¹⁰ Conflating both functions, however, can prove problematic in everyday adjudication. By blurring their contours, it becomes unclear what scope of protection they afford right holders, including whether there ought to be separate tests for determining adverse effect to each function. Unpacking the economic content of the quality function reveals that firms can employ commercial techniques that trigger this function in a way that is distinguishable from all other trade mark functions, including that of origin. Accordingly, ensuring a fair and consistent application of the quality function requires that it be construed as a discrete cause of action. At the opposite end of the spectrum lie the advertising and investment functions, which the CJEU has held constitute two separate causes of action. A closer look at their economic content reveals, however, that their overlap is substantial enough to call into question the justifiability of granting protection to the investment function in addition to that of advertising. As I will go on to argue, construing the investment function as one possible manifestation of the advertising function (and, thus, protected under the latter) can bring much-needed clarity and consistency to the application of the functions theory.

Against this backdrop, it seems that much can be gained from demystifying the doctrinal edifice of trade mark functions by tracing how each function maps to distinct branding strategies. This will lead to more clearly defined functions, the distinctive features of which can be isolated and applied in a manner that significantly reduces overlaps. Critics of broad trade mark protection might oppose this endeavour on grounds that it contributes to the deployment of an expansive interpretation of the functions theory. As their argument would go, the recognition of a distinct realm of protection for each function will only serve to provide more ammunition to right holders’ ample arsenal in infringement proceedings. This view, however, is lacking in two ways. First, it misplaces the origin of things. It is by virtue of the case law of the CJEU that trade mark owners now enjoy an arguably broader scope of protection under the functions theory, and not as a result of clarifying the content of these new functions. I say arguably because as we shall see upon analysis of the relevant case law, the functions theory can also be mobilised to limit, rather than to expand, the scope of protection afforded to trade marks under EU law. Second, this criticism misconstrues the potential ramifications of properly articulated trade mark functions. There is much to be said for the proposition that it is precisely ill-defined functions, the boundaries of which are blurry and malleable, that pave the way for expansive protection.¹¹ As will become apparent upon analysis of the advertising function, on which the CJEU has provided substantial guidance, well defined functions can, perhaps counterintuitively, serve to rein in expansive interpretations of trade mark functions by: (a) facilitating the assessment of what amounts to adverse effect to a trade mark; and (b) providing the required analytical tools to engage in a refined balancing exercise of the opposing interests at stake in infringement scenarios.

⁸ This has been explicitly acknowledged by *Kur* (n 6) 791 ft 76.

⁹ *Case C-46/10, Viking Gas A/S v Kosan Gas A/S* (2011) ECR I-06161, Opinion of AG Kokott [45].

¹⁰ *Case C-337/95, Parfums Christian Dior v Evora* (1997) ECR I-6013, Opinion of AG Jacobs [41].

¹¹ Arguing to this effect, Gangjee has advanced that ‘[i]ll-defined functions tend to lead to overbroad protection, uncertainty and a chilling effect on third party activities in practice.’ *Gangjee* (n 2) 44.

In line with this proposition, exploration of trade mark functions by means of examples extracted from business practice will allow for better framing of each function within its market context and, thus, for improved finetuning of the protection afforded to trade marks under the functions theory. Although eminently practical in nature, the analysis of the economic contours of the different functions will be guided by normative considerations in the search for a fair balance between right holders' proprietary interests and third parties' interests in, *inter alia*, undistorted competition and access to the communicative capabilities of trade marks.

To this end, this paper will be structured into six parts. Section 2.1. will provide an overview of the functions theory as developed by the CJEU and interpreted by scholars. Sections 2.2. to 2.5. will delve into the economic content of each of the additional functions identified by the CJEU (i.e. quality, advertising, investment and communication), placing special emphasis on the defining characteristics of each function. Examples extracted from the automobile and sports industries will be used to illustrate the diversity of business strategies employed by firms and how they map to each function. This will be followed by a descriptive exploration of the law governing each function –to the extent available– and a normative discussion on the aspects that need further refinement if courts are to strike a fair balance between the different interests at stake in infringement litigation moving forward. Concluding remarks will follow in Section 3.

2. Trade Mark Functions in Business Practice: Exploring the Economic Dimension of the Quality, Advertising, Investment and Communication Functions

2.1. The Functions Theory in European Trade Mark Law

As a form of intellectual property, trade marks are legal constructs devised to grant ownership over a particular type of intangible, i.e. a distinctive sign allowing a trader to distinguish its products or services from those of its competitors in the course of trade. Take, for instance, the sign 'BMW', which is used by the company Bayerische Motoren Werke AG (BMW) to distinguish its cars from the like products of other automobile manufacturers, such as Daimler AG or Audi AG, that use the signs 'Mercedes-Benz' and 'Audi', respectively, to identify their products.

Trade marks are afforded protection under intellectual property laws precisely to ensure that they may perform their core function of distinguishing goods and services in the marketplace. This function advances both traders' and consumers' interests. As illustrated above, they allow traders to differentiate their goods from those of their competitors in the course of trade. The sphere of exclusivity afforded by trade marks allows them, in turn, to invest in improving the quality of their goods and in building a positive reputation for their marks without fear of having a third party take advantage of their efforts. At the same time, marks allow consumers to identify the commercial origin of the products that are available in the market, tracing them back to their manufacturers and to the reputation that their brands enjoy. By facilitating consumers' process of identifying and choosing the product that best adapts to their needs, marks reduce their search costs and promote market efficiency.¹² In the automobile manufacturers' example, BMW's interest in using the 'BMW' marks to distinguish its cars from those of Audi AG serves the correlative function of allowing consumers to identify those cars originating from BMW, as opposed to those originating from Audi AG, and to associate them with the reputation conveyed by the 'BMW' brand.

Although essential, indication of commercial origin is by no means the sole function that trade marks perform in modern-day economies. In the global and highly sophisticated marketplace in which marks are called upon to operate, economic actors demand that they perform a plethora of functions,

¹² William Landes and Richard Posner, 'Trademark Law: An Economic Perspective' (1987) 30 *Journal of Law and Economics* 265.

ranging from signalling information about quality or reputation to conveying complex meanings that can be relied upon by individuals for expressive purposes.¹³ In the words of AG Ruiz-Jarabo Colomer:

It seems to me to be simplistic reductionism to limit the function of the trade mark to an indication of trade origin. [...] The trade mark acquires a life of its own, making a statement, as I have suggested, about quality, reputation and even, in certain cases, a way of seeing life.¹⁴

The CJEU has also recognised this by granting protection:

[N]ot only [to] the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also [to] its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising.¹⁵

In so doing, the court has tried to keep pace with changing market realities, in particular, the growth of branding as the core communication vehicle between firms and consumers in the contemporary marketplace, to the point where brands have become a fundamental selling point for the goods they identify.¹⁶ Some commentators go as far as claiming that a ‘brand may be viewed as a company’s most important asset’.¹⁷ Although difficult to delimitate precisely, Keller’s classic definition of a brand remains popular: ‘a brand is a set of mental associations, held by the consumer, which add to the perceived value of a product or service’.¹⁸ Building on brand value, Kapferer claims that ‘the value of a brand comes from its ability to gain an exclusive, positive and prominent meaning in the minds of a large number of consumers’.¹⁹

The traditional form of protection afforded by trade mark statutes to ensure respect for the origin function proves ill-suited to secure a brand’s ability to acquire such positive meanings in the first place, and to maintain them over time. The confusion rationale seeks to protect the origin-signalling meaning of a mark. In so doing, it allows both traders and consumers to rely on a mark as providing genuine information as to its commercial source. However, the confusion rationale can do little to protect a sign from being misappropriated in instances where the meaning affected is not commercial source, but rather, say, the reputation conveyed by the mark. This is where protection of trade mark functions other than origin comes into play, i.e. quality, advertising, investment and communication. The

¹³ The ability of contemporary trade marks to convey very diverse meanings and, thus, to perform functions other than source-identification has been widely acknowledged in the literature. See, amongst others: Jerre B Swann, ‘An Interdisciplinary Approach to Brand Strength’ (2006) 96 Trademark Reporter 943; David Aaker, Matt Reback and Jerre Swann, ‘Trademarks and Marketing’ (2001) 91 Trademark Reporter 787; Alex Kozinski, ‘Trademarks Unplugged’ (1993) 68 New York University Law Review 960.

¹⁴ *Case C-206/01, Arsenal Football Club v Reed* (2002) ECR I-10273, Opinion of AG Ruiz-Jarabo Colomer [46].

¹⁵ *Case C-487/07, L’Oréal v Bellure* (n 1) [58]. For a more detailed exploration of the CJEU’s recognition of the diversity of functions that marks are called upon to perform in the contemporary marketplace, see Gangjee (n 2); Luke McDonagh, ‘From Brand Performance to Consumer Performativity: Assessing European Trade Mark Law after the Rise of Anthropological Marketing’ (2015) 42 Journal of Law and Society 611.

¹⁶ Some scholars have argued to the contrary. In their view, the CJEU’s efforts to insulate brand image from third party appropriation through the progressive expansion of the scope of protection afforded to marks ought to be seen as a failure, from the part of the court, to properly identify the changes in brand usage that have taken place in the market in the last three decades. According to these authors, brand image is, to a very large extent, the result of consumers’ engagement with the brand. Therefore, concentration of power by right holders through, *inter alia*, the functions theory fails to properly account for the way in which meaning in marks is created in the contemporary marketplace. Gangjee (n 2); McDonagh (n 15).

¹⁷ Fiona Harris, ‘Brands, Corporate Social Responsibility and Reputation Management’ in Aurora Voiculescu and Helen Yanacopoulos (eds), *The Business of Human Rights: An Evolving Agenda for Corporate Responsibility* (Zed Books Ltd 2011) 31.

¹⁸ Kevin L Keller, *Strategic Brand Management: Building, Measuring, and Managing Brand Equity* (Upper Saddle River, NJ: Pearson Prentice Hall 2008), cited by Jean-Noël Kapferer, *The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term* (Kogan Page Publishers 2008) 10.

¹⁹ Kapferer (n 18) 10.

functions theory can thus be said to represent the CJEU's efforts to systematise the protection afforded to marks in their 'brand incarnations'.²⁰ This is done in recognition of the role that these additional trade mark functions play in promoting innovation and investment, which is deserving of protection.²¹ According to AG Poiares Maduro:

[T]he Court [...] [has] confirmed that, alongside the aim of preventing consumers from being misled, trade marks also serve to promote innovation and commercial investment. A trade mark protects the investment that the trade mark proprietor has made in the good or service associated with it and, in so doing, creates economic incentives for further innovation and investment. The other functions of the trade mark [i.e. quality, advertising, investment and communication], as named by the Court, relate to that promotion of innovation and investment.²²

Hailed by some and criticised by most, the functions theory is not without controversy.²³ In its early stages, the vernacular of trade mark functions was devised as a doctrinal mechanism to narrow the scope of protection afforded by European trade mark law in double identity cases. The recitals in both the Trade Marks Directive (TMD) and the EU Trade Mark Regulation (EUTMR) provide that the protection to be afforded in such cases is 'absolute'.²⁴ It soon came to the attention of the CJEU that this language barred any flexibility upon interpretation and application of (now) Articles 10(2)(a) TMD and 9(2)(a) EUTMR, dealing with double identity infringement. It could, thus, prove problematic in instances where use by defendant of an identical sign on identical goods or services was not liable to cause any damage to plaintiff's proprietary interests.

In *Hölterhoff v Freiesleben*, the CJEU instructed the referring court to deny injunctive relief in a case involving defendant's use of signs identical to plaintiff's marks 'Spirit Sun' and 'Context Cut' in relation to goods covered by the registration, more precisely, diamonds and precious stones.²⁵ According to the court, defendant's use of plaintiff's mark had been purely descriptive, i.e. had been used solely for purposes of describing the types of cuts available to the client for the ornamental stones it wished to purchase. In the words of AG Jacobs: '[u]se of that kind [i.e. descriptive] is in my view simply too far removed from the essential function of a trade mark to entitle a trade mark proprietor to prevent it under [...] the Trade Marks Directive.'²⁶ *Hölterhoff* thus became the first case to discuss the need to restrict the scope of protection afforded to right holders by double identity provisions.

Other cases would follow suit. In both *Arsenal Football Club v Reed* and *Adam Opel v Autec*, the CJEU provided further guidance, referring for the first time to *functions* (in the plural) and formulating the applicable test in clearer terms.²⁷ According to the court, the judicial inquiry had to focus on whether defendant's use of the allegedly infringing sign 'affects or is liable to affect the functions of the trade mark'.²⁸ Despite the efforts to narrow the scope of protection afforded to right holders in double

²⁰ This expression is borrowed from Gangjee (n 2).

²¹ Although ultimately critical of the functions theory, Senftleben acknowledges the brand-oriented protection afforded by this doctrine in Senftleben (n 2) 519.

²² *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1), Opinion of AG Maduro [96].

²³ The volume of literature on trade mark functions is vast. Relevant contributions include: Porangaba (n 6); Kur (n 2); Gangjee (n 2); Kur (n 6); Jehoram (n 2); Senftleben (n 2); Horton (n 2); Max Planck Institute (n 2); Gangjee and Burrell (n 2); Ohly (n 6).

²⁴ Directive (EU) 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, Recital 16; Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union Trade Mark, Recital 11.

²⁵ *Case C-2/00, Hölterhoff v Freiesleben* (2002) ECR I-905.

²⁶ *ibid*, Opinion of AG Jacobs [39].

²⁷ *Case C-206/01, Arsenal Football Club v Reed* (n 14); *Case C-48/05, Adam Opel AG v Autec AG* (2007) ECR I-1017.

²⁸ *Case C-206/01, Arsenal Football Club v Reed* (n 14) [51]. It should be noted that some of the uncertainty governing the functions theory prior to *L'Oréal* had also resulted from the CJEU's inconsistent application of this rule in its own case law. Whereas in *Hölterhoff*, *Arsenal* and *Adam Opel* the court had found that infringement in double identity cases would only

identity cases by means of the functions theory, the decision in *Arsenal* already signalled the court's reluctance to apply it too strictly, i.e. to weigh too much against the proprietary interests of trade mark owners. In this case, the CJEU found the origin function to be negatively affected by Mr Reed's sale of scarves bearing signs identifying Arsenal Football Club despite the disclaimer that they were not official Arsenal merchandise. According to the court, the origin function would be affected not so much at the point of sale, where it had been proved that consumers would not be confused as to the source of the goods, but rather after sale.²⁹

Next in line would be *L'Oréal v Bellure*.³⁰ By confirming that trade mark functions other than origin ought to be protected in double identity cases, this decision appeared to tip the scales too obviously in favour of right holders' proprietary interests. This gave rise to a wave of criticisms from scholars and decision makers alike,³¹ concerned about the unpredictability that the functions theory was bound to bring to European trade mark law.³² An unpredictability that could, potentially, lead to the grant of too wide a scope of protection for trade marks in Europe. In Gangjee's words:

Given their role in delimiting the scope of liability, there is concern that these brand-inspired functions have not been adequately theorised or delimited. If doubts persist about the content of the advertising or investment functions, how should we determine when they are harmed? Ill-defined functions tend to lead to overbroad protection, uncertainty and a chilling effect on third party activities in practice.³³

Amongst other criticisms, Senftleben pointed out that the functions theory was unnecessary to begin with since adequate protection for marks in their brand incarnations was already available in EU trade mark law under antidilution provisions.³⁴ There is merit to this criticism. By protecting reputed marks in instances not involving consumer confusion, antidilution statutes are often said to insulate them precisely from the sort of unauthorised third party use that can erode (or free ride on) their uniqueness and selling power, i.e. their brand image. Accordingly, there is hardly a justification for the creation of this doctrine by the CJEU.³⁵ It could be counterargued that the functions theory purports to provide protection to the brand dimension of all marks, regardless of whether or not they enjoy a reputation in the marketplace.³⁶ However, this still begs the question of whether non-reputed marks have a sufficiently developed brand dimension susceptible of protection. In this regard, Gangjee and

ensue where the origin function is negatively affected, in other cases it had held that no confusion as to source is required in order for the double identity provision to apply: *Case C-228/03, The Gillette Company et al v LA Laboratories Ltd Oy* (2005) ECR I-2337; *Case C-63/97, Bayerische Motorenwerke AG (BMW) et al v Ronald Karel Deenik* (1999) ECR I-00905; *Case C-355/96, Silhouette International Schmied GmbH & Co KG v Hartlauer Handelsgesellschaft mbH* (1998) ECR I-4799. See, for further insights on this topic: Kur (n 2) 4–5; Kur (n 6) 790–91.

²⁹ *Case C-206/01, Arsenal Football Club v Reed* (n 14) [57].

³⁰ *Case C-487/07, L'Oréal v Bellure* (n 1).

³¹ Ohly (n 6); Gangjee and Burrell (n 2); Horton (n 2); Max Planck Institute (n 2); Jehoram (n 2); Gangjee (n 2); Senftleben (n 2); Kur (n 2); *L'Oréal v Bellure* (n 2).

³² Much of the criticism stemmed from the CJEU's interpretation of free riding in *L'Oréal*. By holding that a reputed mark can be infringed irrespective of harm to the mark itself, or to any of its functions, the court's decision was deemed to broaden the scope of protection afforded by EU antidilution provisions in an unprecedented manner. If confirmed in future cases (as we have seen since *L'Oréal*), this all-too generous interpretation of free riding could have severe repercussions for the promotion of competition in the marketplace. See, in this regard, Jonathan Turner, *Intellectual Property and EU Competition Law* (2nd edn, OUP 2015); Darren Meale and Joel Smith, 'Enforcing a Trade Mark When Nobody's Confused: Where the Law Stands after *L'Oréal* and Intel' (2010) 5 *Journal of Intellectual Property Law & Practice* 96; Gangjee and Burrell (n 2); *L'Oréal v Bellure* (n 2) (the decision of the Court of Appeals of England and Wales in *L'Oréal* once it went back to the referring court). Some of the criticisms aimed at the (mis)interpretation of free riding seem, however, to have permeated to the CJEU's recognition of the additional functions that marks perform alongside signalling origin, further muddying this area of law.

³³ Gangjee (n 2) 44.

³⁴ Senftleben (n 2).

³⁵ *ibid* 519.

³⁶ *Case C-46/10, Viking Gas A/S v Kosan Gas A/S* (n 9), Opinion of AG Kokott.

Burrell wonder ‘why such broad protection for all marks, be they humble or renowned? Many marks will lack content for the image or advertising functions.’³⁷

Calls for the CJEU to ‘push the genie back in the bottle’ were arguably partially fruitful in light of later decisions in the keyword advertising saga.³⁸ In both *Google France v Louis Vuitton* and *Interflora v Marks & Spencer*, the court made a conscious effort, after defining the content of the advertising and investment functions, to interpret them narrowly with a view to restoring the balance in double identity cases.³⁹ It remains doubtful, however, the extent to which this has been the case. The functions theory is still heavily contested.⁴⁰ Quite apart from the widespread scepticism as to the need for this doctrine in the first place, twelve years into the decision in *L’Oréal* the functions theory remains far too underdeveloped to provide the required degree of legal certainty.⁴¹ Out of the four additional functions –advertising, investment, quality and communication–, only the first two have been defined to date.⁴² And even for these two functions there still remains much uncertainty since it is unclear how they differ from each other, how they would apply in double identity scenarios not involving keyword advertising, or even how they would map to dilution.⁴³

Despite these shortcomings, the functions theory has several advantages. First, it represents a much-needed effort to adapt European trade mark law to the changing economic landscape, in particular the growing role of branding in the contemporary marketplace. Marks are now widely used for a variety of purposes other than signalling origin, including by economic actors other than right holders –for instance, by artists using modified versions of reputed marks for expressive purposes, often for parody or commentary. Acknowledging the changing role of trade marks in the marketplace and in society at large, and developing a doctrinal apparatus to ensure adequate protection of the new functions they are called upon to perform, is surely a welcome development in trade mark law.

Second, and in line with its initial aim of providing a safety valve in double identity cases, the functions theory can bring flexibility to the judicial inquiry. Quite apart from allowing circumventing the strictures imposed by rigid application of the law, whether trade mark or otherwise, flexibility ensures, in the complex institutional setting of the European Union, respect for national differences. As regards flexibility, Porangaba has argued that the functions theory is best understood methodologically, as a doctrine that allows infusing the infringement assessment with market realities by requiring that courts adopt a contextual approach to determination of whether any of the functions of plaintiff’s mark is negatively affected by defendant’s use.⁴⁴ Under this approach, trade mark infringement is ultimately contingent on context, i.e. on the specific circumstances surrounding defendant’s use of plaintiff’s mark. This is a persuasive argument, not least since it allows, perhaps for the very first time, to reconcile the case law of the CJEU in this area, so often held to be contradictory.⁴⁵ Other scholars

³⁷ Gangjee and Burrell (n 2) 286 ft 19.

³⁸ Kur (n 2) 1.

³⁹ *Case C-323/09, Interflora Inc v Marks & Spencer plc* (n 1); *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1). Commenting on these decisions, see Kur (n 6).

⁴⁰ Senftleben (n 2); Gangjee (n 2); Jehoram (n 2); Horton (n 2); Gangjee and Burrell (n 2); Ohly (n 6).

⁴¹ Some authors are less critical of the state of development of the functions theory. In their view, the CJEU has provided enough guidance to allow for embryonic articulation of the doctrine. Amongst others: Porangaba (n 6); Kur (n 6) 790–91.

⁴² As will be explained in the following sections, the CJEU has provided guidance on the advertising function in *Google France* and *Interflora*, and on the investment function in *Interflora*. AG Kokott attempted to give content to both functions in *Case C-46/10, Viking Gas A/S v Kosan Gas A/S* (n 9). The lack of a working definition of the quality and communication functions has been noted by scholars, for instance, by Kur (n 2) 12.

⁴³ Antidilution protection in the EU is provided for in Articles 10(2)(c) TMD and 9(2)(c) EUTMR. Regarding the uncertainty as to how the functions theory ought to map to dilution, see Burrell and Handler (n 5) 88; Horton (n 2) 555–56.

⁴⁴ Porangaba (n 6).

⁴⁵ A full understanding of Porangaba’s theory requires, alongside the proposed contextual approach to the functions theory, discussion of the CJEU’s interpretation of ‘use’ as an autonomous concept under EU trade mark law. According to this author, the seeming contradiction in the case law can be easily avoided by distinguishing between trade mark use that will not give rise to an infringement inquiry (for it does not meet the requirement of use as interpreted under EU law), such as was the

have proposed, as a way to systematise the case law of the CJEU, interpreting the functions theory as a balancing mechanism allowing courts to take into consideration opposing interests when adjudicating infringement disputes.⁴⁶ In so doing, courts are able not only to avoid the strictures imposed by too literal a reading of the ‘absolute’ protection afforded to marks in double identity cases, but may also expand on the closed list of limitations provided under Article 14 TMD. According to Ohly, *Google France* should be read as requiring courts to consider:

[N]ot whether trade mark functions are affected but whether the adverse effect is counterbalanced by competing interests. In [this case] the [CJEU] seems to apply a normative concept of ‘adverse effect’: adverse effects which are outweighed by other considerations will more or less tacitly be left out of account.⁴⁷

In a similar vein, Annette Kur has argued that:

By adopting a rather strict approach towards assessing the adverse effect that nonconfusing use must have on the advertising or investment functions so as to find for infringement, the [CJEU] invites an open, interest-based balancing exercise, which operates as a complement to the restricted and non-expandable catalogue of limitations contained in [Article 14 TMD].⁴⁸

Against this backdrop, it would appear that the success of the functions theory and, hence, its viability in the long run are heavily dependent on the CJEU and scholars’ ability to provide further guidance on the way that it ought to be interpreted and applied by European courts. To aid them in this endeavour, the following sections will explore in detail, for the very first time in the literature, the economic content of the different trade mark functions. Special emphasis will be placed on identifying, by means of examples extracted from business practice, how the different functions map to different branding strategies deployed by firms in the course of trade. It is expected that this will provide scholars, practitioners and decision makers with the analytical tools required to engage in refined analysis and application of the functions theory moving forward.

2.2. The Quality Function

The CJEU has failed to engage with the quality function in depth, leaving the Advocates General, domestic courts and scholars to speculate about its content. In *Parfums Christian Dior v Evora*, AG Jacobs defined the quality function as the ability of a mark to ‘offer a guarantee that all goods bearing it have been produced under the control of a single undertaking which is accountable for their quality’.⁴⁹ He then went on to emphasise the inextricable link that exists between the quality and origin functions, going as far as holding that the former ‘can be regarded as part’ of the latter.⁵⁰ This likely explains why the AG did not even attempt to suggest how the quality function may be affected independently of the origin function –this is in contrast with his analysis of the advertising, investment

case for the search engine Google in *Google France*, and trade mark use that gives rise to an infringement inquiry, with the final determination hinging around a contextual interpretation of the functions theory. *ibid.*

⁴⁶ Ohly (n 6); Kur (n 6).

⁴⁷ Ohly (n 6) 880–81. As Ohly himself acknowledges, his proposition is heavily influenced by the Opinion of AG Maduro Póiares in *Google France*. In the latter’s view, the protection that the law affords to economic activity, including trade marks, ‘is never absolute [but rather] must be balanced against other interests’. *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1), Opinion of AG Maduro [102].

⁴⁸ Kur (n 6) 790.

⁴⁹ *Case C-337/95, Parfums Christian Dior v Evora* (n 10), Opinion of AG Jacobs [41], quoting the decision of the CJEU in; *Case C-10/89, SA Cnl-Sucal N v Hag GF* [1990] ECR I-3711 [13].

⁵⁰ *Case C-337/95, Parfums Christian Dior v Evora* (n 10), Opinion of AG Jacobs [41].

and communication functions, which he conceded may be affected in instances where the origin function is not.⁵¹

Issued in 1997, the opinion of AG Jacobs predates the development of the functions theory by the CJEU. This could call into question the relevance of his argument for current purposes. However, his conflated analysis of the origin and quality functions has remained influential to this date, shaping courts and scholars' understanding of the quality function.⁵² In *L'Oréal*, for instance, AG Mengozzi argued that 'what [a mark's guarantee of quality] amounts to at most is an aspect of its function as a guarantee of origin.'⁵³ In similar terms, Andrew Griffiths has contended that '[t]he "quality or guarantee" function does [...] not justify wider protection than is necessary for a trade mark to perform its essential [source-identifying] function'.⁵⁴

While I agree with the general proposition that the origin and quality functions go hand in hand, conflating both functions in the infringement exercise can prove problematic. By blurring their contours, it becomes unclear what scope of protection they afford right holders, including whether there ought to be separate tests for determining adverse effect to each function. This approach leaves the door open to speculation as to whether the quality function can be triggered independently of the origin function in cases where, for instance, defendant's unauthorized use of plaintiff's mark in relation to low quality goods has no adverse effect on the source signalling function of the mark. Supporters of conflating both functions might counterargue that since the quality function is contained within the origin function such use would, in fact, have an adverse effect on the origin function (despite source signalling remaining unaffected). If this were the case, it becomes unclear what is to be gained from conflating both functions. In other words, what exactly are we getting in exchange for sacrificing clarity and predictability? If, on the contrary, proponents of conflating both functions were to argue that the quality function cannot be triggered independently of the origin function, plaintiff in the proposed hypothetical would have no course of action against defendant's unauthorised use. This would be at odds with the language employed by the CJEU in functions cases –as we saw in the previous section, the court lists the quality function as an additional function to that of signalling origin–, as well as with the opinion of AG Kokott in *Viking Gas v Kosan Gas*.⁵⁵

This opinion constitutes, even to this date, the most relevant effort to give content to the quality function. Although the AG begins by acknowledging that the quality function 'goes hand in hand with the function of guaranteeing [...] origin', she goes on to explore its identifying characteristics when she proposes both a definition and a test of what amounts to adverse effect to this function.⁵⁶ As regards its definition, the AG portrays the quality function as the ability of a mark to 'indicate [...] that the goods satisfy the quality standards of the recognisable proprietor of the trade mark'.⁵⁷ As for her theory of adverse effect, she argues that 'as a rule, the function in relation to quality is adversely affected, if goods not attaining those quality requirements are commercialised under the trade mark,

⁵¹ With the caveat that the Advocate General is very sceptical that any of the additional functions of a mark may ever be adversely affected where the origin function is not. *ibid*, Opinion of AG Jacobs [42].

⁵² Quite early on, in 2000 (i.e. also prior to the development of the functions theory by the CJEU), the High Court of England and Wales held that '[t]his representation of responsibility for quality is inseparable from the mark's function as an indication of source'. *Glaxo Group v Dowelhurst* [2000] 2 WLUK 985 [425]-[426].

⁵³ *Case C-487/07, L'Oréal v Bellure* (n 1), Opinion of AG Mengozzi [53].

⁵⁴ Andrew Griffiths, 'The Trade Mark Monopoly: An Analysis of the Core Zone of Absolute Protection under Art. 5(1)(a)' (2007) 3 *Intellectual Property Quarterly* 312, 322. Building on the opinion of AG Jacobs in *Parfums Christian Dior*, he goes on to argue that the quality function of a mark can be of assistance in the interpretation of what amounts to adverse effect to the origin function.

⁵⁵ *Case C-46/10, Viking Gas A/S v Kosan Gas A/S* (n 9), Opinion of AG Kokott.

⁵⁶ *ibid* [45].

⁵⁷ *ibid* [45].

for example, by licensees or following impairment by the purchaser'.⁵⁸ Unfortunately, however, the CJEU failed to consider the application of functions other than origin in this case and, thus, remained silent on AG Kokott's proposed articulation of what amounts to adverse effect to the quality function.⁵⁹ There is, accordingly, still much to be said about this function, especially by the CJEU.

Giving content to the economic dimension of the quality function is, in light of its inextricable link to the origin function, no easy endeavour. At the risk of stating the obvious, marks can perform a quality function that is distinguishable from the origin function when they are used in relation to goods that meet certain quality standards, i.e. products that are well suited to satisfy the economic needs of consumers as a result of enhanced functionality, durability, design or other product characteristics. For instance, the use by BMW of its 'BMW' marks in relation to high quality, design conscious and durable automobiles not only serves to signal commercial source, but also to inform consumers that such automobiles meet the quality standards that are commonly associated with the 'BMW' marks.

Further guidance on the economic content of the quality function can be found in business literature. As a result of downward trends in consumer perception of product quality since the early 1980s, business strategies aimed at reinforcing brand image began to diversify.⁶⁰ In addition to further improving the quality of products themselves, companies increasingly relied on quality-oriented promotional tactics.⁶¹ One such tactic involves the use of *ad hoc* advertising schemes that place emphasis on quality-related aspects of the product. For example, the use by BMW of the slogan 'The ultimate driving machine' in its ads and other promotional materials, which seeks to emphasize the unrivalled characteristics of its automobiles.⁶² Use of the 'BMW' logo in connection with such slogan serves a quality function that is distinguishable from the origin function by educating consumers on the outstanding features of 'BMW'-branded automobiles. Whilst being distinguishable from the origin function, the quality function performed by the 'BMW' logo in this example is difficult to disentangle from other trade mark functions, notably the advertising function –which seeks to inform and persuade consumers. This creates an added difficulty upon interpretation and application of the quality function. As we shall see upon closer study of the remaining functions, disentangling one function from all others is often a challenging endeavour, and one that, unfortunately, permeates the entire doctrinal edifice of trade mark functions in EU law. This piece attempts to bring some clarity to this exercise by shedding light on the defining characteristics of each function. This is not to say, however, that the conceptual boundaries between functions, and how they relate to business activity, will be clear-cut as a result of this analysis. Certain commercial activities will continue to trigger different trade mark functions at once in ways that can blur their defining characteristics.

Fortunately, there are business strategies that trigger the quality function in a way that is distinguishable from all other trade mark functions, and which can serve to better delimitate its contours. A tactic that traders have increasingly relied on to reinforce consumer perceptions of product quality involves implementing and/or strengthening quality assurance and customer service programs that go beyond the remits of consumer protection laws, such as extended warranty schemes.⁶³ For instance, the use of the 'BMW' marks in connection with BMW's comprehensive warranty scheme for its automobiles. According to its own website: 'We're confident in our precision

⁵⁸ *ibid* [45]. Judging by this excerpt, adverse effect to the quality guaranteeing function would appear to very closely resemble the dilution ground commonly known as tarnishment. At least insofar as they both aim to insulate marks from unauthorised third party use in instances where the quality of defendant's products is lower than those of plaintiff.

⁵⁹ *Case C-46/10, Viking Gas A/S v Kosan Gas A/S* (n 9) [23].

⁶⁰ Hiroataka Takeuchi and John Quelch, 'Quality Is More than Making a Good Product' (1983) 61 *Harvard Business Review* 139.

⁶¹ *ibid* 139.

⁶² Evidence of BMW's extensive use of this slogan can be found in Thato Mokau, 'The Secret Origin Of BMW's "Ultimate Driving Machine" Slogan', *Hotcars* (4 July 2020) <<https://www.hotcars.com/secret-origin-bmws-ultimate-driving-machine-slogan/>> accessed 12 November 2020.

⁶³ Takeuchi and Quelch (n 60) 140.

and quality. That's why we offer excellent warranty on our vehicles and Genuine BMW Parts. [...] We're here to let you know we're with you every step of the way.'⁶⁴ Use of the 'BMW' word mark in relation to such a program is, thus, able to perform a quality function that can be detached from the origin function by building specifically on consumers' perceptions of functionality, reliability, durability and other product characteristics. Detaching the quality function from that of advertising in our example requires further unpacking. Ultimately, an extended warranty scheme will serve to persuade consumers into buying 'BMW'-branded automobiles, triggering the advertising function of BMW's marks. However, in contrast with the ad surveyed earlier, this function can be disentangled from that of quality in this instance since their defining characteristics do not overlap. When offered under the 'BMW' marks, the extended warranty scheme will trigger their quality function as a result of the enhanced coverage that the scheme provides and the assurance about product reliability and durability that flows from such a generous scheme. It is only at a later stage, and on account of the scheme's ability to enhance the perception of quality of 'BMW'-branded automobiles, that the marks will, in turn, be able to persuade consumers into buying them, triggering their advertising function.

Building on this example, the unauthorized use of the 'BMW' marks by, say, a licensee in connection with a warranty scheme that is significantly lacking when compared to that offered by BMW could have an adverse effect on the quality function of the marks even where those of origin and advertising are not affected. Moreover, and building on AG Kokott's theory of adverse effect to the quality function of a mark in *Viking Gas* (i.e. third party use of a mark in connection with 'goods not attaining th[e] quality requirements' of those marketed by the mark owner),⁶⁵ it could even amount to trade mark infringement were the facts of the case to favour plaintiff in the balancing exercise. The fact-specific nature of such an exercise cautions against providing very detailed guidance. However, decision makers undertaking this balancing exercise might wish to weigh in the following considerations: (a) plaintiff's interest in maintaining the quality standards that are commonly associated with its mark; (b) defendant's interest in making use of the mark (i.e. to signal the commercial source of the goods offered); (c) the degree to which defendant's warranty scheme is of a lower quality to that offered by plaintiff; and (d) the extent to which such differences in quality are liable to affect the mark's ability to signal the quality standards with which it is commonly associated.

Perhaps more importantly, this example is very illustrative of the need, in terms of normative law, to detach the quality function from that of origin upon application of the functions theory in trade mark adjudication. Despite their obvious overlap in many instances of trade mark use, there are sufficient differences between these two functions to require that they be assessed separately. Doing otherwise could have the undesirable effect of preventing trade mark owners from seeking relief in scenarios where, as has been illustrated, defendant's use is only liable to have an adverse effect on the quality function. Furthermore, as outlined earlier, conflating both functions blurs their defining characteristics and leads to uncertainty. The proposed approach to the quality function is, thus, not only fairer, but can also contribute to bringing much-needed clarity and predictability to the functions theory.

2.3. The Advertising Function

The CJEU has provided considerable guidance on the interpretation of the advertising function. In both *Google France* and *Interflora*, the court was asked to determine whether the use, as sponsored keywords in Google's search engine, of signs identical to registered marks to promote goods covered by the registrations amounted to double identity infringement. Defendants in these cases made unauthorized use of plaintiffs' signs by bidding for them on Google's AdWords platform. This allowed defendants to advertise their products on the sponsored section of Google's website when internet

⁶⁴ BMW's official UK website: <<https://www.bmw.co.uk/en/topics/owners/service-workshop/warranties.html>> accessed 12 November 2020.

⁶⁵ *Case 46/10, Viking Gas A/S v Kosan Gas A/S* (n 9), Opinion of AG Kokott [45].

users searched for plaintiffs' marks. Applying the functions theory, the CJEU held that infringement would ensue only if one of the functions of plaintiffs' marks had been negatively affected by defendants' use.

As regards the origin function, the court held in *Google France* that, in the keyword advertising context, this function is adversely affected when the sponsored advertisement does not allow internet users to determine whether the promoted goods originate from the mark owner or from a third party. In particular, domestic courts should look into whether defendant's ad suggests that it is economically linked to the trade mark owner or, where no such suggestion exists, whether the ad is so unclear on the origin of the promoted goods that 'normally informed and reasonably attentive internet users' will be unable to determine whether the advertiser is the mark owner or a third party.⁶⁶ This is a rather convoluted test that, nonetheless, was confirmed by the CJEU soon after in *Interflora*.⁶⁷

More importantly for present purposes, the court went on to address the advertising function of marks. *Google France* was, thus, the very first decision to guide domestic courts on the interpretation of functions other than origin, one year after the decision in *L'Oréal*. According to the CJEU:

Since the course of trade provides a varied offer of goods and services, the proprietor of a trade mark may have not only the objective of indicating, by means of that mark, the origin of its goods or services, but also that of using its mark *for advertising purposes designed to inform and persuade consumers*.

[The advertising function protects against third party use that] adversely affects the proprietor's *use of its mark as a factor in sales promotion or as an instrument of commercial strategy*.⁶⁸

A mark will, thus, perform an advertising function when it is used 'to inform and persuade consumers', that is, 'as a factor in sales promotion or as an instrument of commercial strategy'.⁶⁹ The courts of Member States have provided further interpretive guidance on this function by describing it as trade mark use intended to 'convey [...] a particular image to the average consumer of the goods or services in question'.⁷⁰

Giving economic content to the advertising function is, when compared to the other additional functions identified by the CJEU, rather straightforward. We live and consume in an advertising-heavy marketplace. As consumers, we are well acquainted with the diversity of forms that promotional strategies can adopt, including the prominent role that trade marks play in day-to-day marketing campaigns. Firms devote ever-larger amounts of resources, both human and economic, to promote their goods and services, very often by building on their brand image. There is, accordingly, a strong argument in favour of granting protection to the advertising function of marks if we wish to safeguard their crucial role in 'inform[ing] and persuad[ing] consumers' in the contemporary marketplace.⁷¹ The normative debate surrounding this function becomes, however, more controversial when attempting to delimitate the scope of protection that it ought to afford right holders. Two elements must be taken into consideration here: (a) the breadth of commercial activities that will be protected under the advertising function as opposed to other trade mark functions; and (b) the scope of protection afforded to the advertising function in application of the 'adverse effect' test.

⁶⁶ *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1) [90].

⁶⁷ *Case C-323/09, Interflora Inc v Marks & Spencer plc* (n 1) [44]-[45].

⁶⁸ *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1) [91]-[92] (emphasis added).

⁶⁹ *ibid* [92].

⁷⁰ *Datacard v Eagle Technologies* [2011] EWHC 244 Pat [272].

⁷¹ *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1) [92].

First, we must begin by properly delimitating the contours of the advertising function by looking at business strategies that trigger this function. Given the overlapping features of the advertising and investment functions, a comprehensive picture of the economic content of the advertising function will only emerge once we have also analysed that of the investment function. Commonplace uses of marks in advertising include TV, radio, newspaper and billboard ads or sponsorship campaigns. Going back to the automobile example, the 'BMW' marks perform an advertising function when they are used by BMW to convey an image of high quality and enjoyable driving experience in marketing campaigns. Spanish readers might remember the company's TV ad showing a driver's hand swiftly dancing with the wind as a 'BMW'-branded car drove through deserted landscapes, topped with the slogan 'Do you enjoy driving?' and the 'BMW' logo.⁷² English-speaking readers might recall a similar advertisement campaign featuring the slogan 'Designed for driving pleasure'.⁷³ Quite apart from celebrating the act of driving, these ads served to display the 'BMW' mark in an advertising context intended to 'persuade consumers' into buying a BMW-manufactured car by 'convey[ing] [...] a particular [positive] image [...] of the goods in question'.⁷⁴ It was, thus, used as 'an instrument of commercial strategy'.⁷⁵

Another example, in the sports apparel industry, of a mark performing an advertising function would be the use by Adidas AG of its 'adidas' mark on the equipment of sponsored athletes to convey an image of high quality and performance enhancement. In this regard, a successful sponsorship campaign prominently featuring the 'adidas' mark includes world renowned footballer Lionel Messi.⁷⁶ One ad coming out of this campaign features Messi running with the ball, alongside the 'adidas' logo and the slogan 'fast or fail'.⁷⁷ This ad serves to 'inform [...] consumers' of the characteristics of the sporting goods manufactured and marketed by Adidas AG by showcasing how they can be used (i.e. to play football) and with what outstanding results (i.e. enhancing your speed in the field).⁷⁸ Furthermore, by associating the 'adidas' mark and 'three-stripe' logo with the positive image conveyed by Messi, the ad serves the additional purpose of 'persuading consumers' into buying 'adidas'-branded products, who will want to resemble their idol and maximise their athletic performance.⁷⁹

In the online environment, marks perform an advertising function in search engines by featuring on the list of results when consumers run a search using the mark. This so-called 'natural' list of results allows right holders to inform consumers running the search of the goods that they offer for sale and their characteristics, as well as to persuade them into buying them. In the specific context of keyword advertising, use of a mark by bidding for it on Google's AdWords platform serves an advertising function by allowing the right holder to showcase its goods in a featured section of the website, i.e. as a sponsored ad that will appear in the top results. The owner will, thus, be in a privileged position to inform consumers running the search of the goods that they offer for sale, as well as to persuade them into buying them –amongst other things, by the prominent space in which they feature within the site and the characteristics of the ads, which can sometimes include images of the goods. For instance, running a search for 'BMW' and 'adidas' on Google reveals that both BMW and Adidas AG bid for their

⁷² The TV commercial can be viewed on BMW Spain's YouTube channel <www.youtube.com/watch?v=bmYYpHI6clY> accessed 12 November 2020 (author's translation from Spanish).

⁷³ 'New BMW campaign: "DESIGNED FOR DRIVING PLEASURE"', BMW Press Release of 18 February 2013 <www.press.bmwgroup.com/global/article/detail/T0137101EN/new-bmw-campaign-designed-for-driving-pleasure> accessed 12 November 2020.

⁷⁴ *Datacard v Eagle Technologies* (n 70) [272].

⁷⁵ *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1) [92].

⁷⁶ Adam Nelson, 'Lionel Messi signs huge new contract', SportsPro (14 February 2017) <www.sportspromedia.com/news/lionel-messi-signs-huge-new-contract> accessed 26 September 2019.

⁷⁷ Ad featured in Drew Wendt, 'Messi Makes Speed Colorful with His New adidas F50 adiZero', Soccer Pro, (17 February 2014) <www.soccerpro.com/theinstep/multicolor-adidas-messi-f50-adizero/> accessed 12 November 2020.

⁷⁸ *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1) [92].

⁷⁹ *ibid* [92].

respective marks on AdWords since they appear within the featured section of the site (as the top result in both cases) alongside the 'ad' tag.⁸⁰

Second, we must look at the scope of protection that right holders are afforded under the advertising function. Fortunately, in *Google France*, the CJEU gave detailed guidance on the interpretation of what amounts to adverse effect to this function in keyword advertising cases. The court conceded that unauthorized third party bidding for words that are protected as trade marks can run counter to right holders' interests in using their marks for advertising purposes in online search engines. In particular, it can increase right holders' bidding cost on AdWords since the more people that bid on a given word the higher the cost of being featured first on Google's list of results is. Accordingly, right holders wishing to ensure that their ads continue to be featured before those of third parties bidding for their marks will be forced to do so at a higher price per click. In addition to this, even where a right holder is willing to pay more, third party bidding can still run counter to its advertising strategy by preventing it from having its goods advertised in the top(s) positions on the result list since other factors are also taken into consideration by the search engine in deciding the order in which the sponsored results are shown. According to the court, however, these 'repercussions of use by third parties of a sign identical with the trade mark'.⁸¹ Building on this idea, the CJEU went on to hold in *Interflora* that the advertising function of a mark is not affected in the keyword advertising context since third party bidding 'does not [...] have the effect of denying the proprietor of that trade mark the opportunity of using its mark effectively to inform and win over consumers'.⁸²

There is room to argue that the CJEU's narrow interpretation of what constitutes adverse effect to the advertising function in *Google France* and *Interflora* was influenced by the wave of criticisms triggered by its decision in *L'Oréal*.⁸³ In particular, the court would appear to be making a conscious effort to bring the functions theory in line with its original aim of narrowing the scope of protection afforded to right holders in double identity cases. Whether this was the case is debatable, not least since *Google France* served to confirm that functions other than origin can be protected under EU trade mark law.⁸⁴ However, it is arguably the case that by denying relief to plaintiffs in the keyword advertising context, where there are obvious repercussions for right holders' advertising interests, most instances of unauthorized third party use of marks will not adversely affect their advertising function to the extent necessary to amount to infringement. Agreeing with these propositions, Kur has argued that:

It follows from *Google [France]* and *Interflora* that the [CJEU]'s broad approach towards the trade mark functions triggering the application of Article 5(1)(a) [TMD] has not resulted in the broad kind of protection that seemed to be heralded by *L'Oréal*.⁸⁵ [...]

Indeed, as the[se] decisions [...] have shown, the scope of protection granted under the additional trade mark functions is rather limited, as they are only held to be adversely affected if serious damage is done.⁸⁶

⁸⁰ The list of results was displayed upon entering 'BMW' and 'adidas', respectively, using Google's search engine <www.google.com> accessed 5 April 2021.

⁸¹ *Joined Cases C-236/08 to C-238/08, Google France v Louis Vuitton et al* (n 1) [95].

⁸² *Case C-323/09, Interflora Inc v Marks & Spencer plc* (n 1) [59].

⁸³ See, notably, Jacobs LJ's (writing for the bench) outraged disapproval of the CJEU's decision in *L'Oréal* when it went back to the referring court. *L'Oréal v Bellure* (n 2). See also: Gangjee and Burrell (n 2); Turner (n 32); Meale and Smith (n 32).

⁸⁴ This was reiterated in *Interflora*, where the CJEU gave a very clear response to the Commission's suggestion (by means of a brief submitted to the court encouraging it to reconsider its decision in *L'Oréal* so as to circumscribe the protection afforded in double identity cases to adverse effect to the origin function) when it held that the origin function 'is not the only function of the mark that is worth of protection against injury by third parties'. *Case C-323/09, Interflora Inc v Marks & Spencer plc* (n 1) [39].

⁸⁵ Kur (n 6) 790.

⁸⁶ *ibid* 767 ft 60.

The CJEU's narrow interpretation of what amounts to adverse effect to the advertising function is a welcome development. It allows to strike an adequate balance between right holders' interest in marks preserving the core of their ability to inform and persuade consumers, on the one hand, and third parties' interest in sufficient access to the communicative potential of marks to effectively compete in the marketplace, on the other. Such a balance will, in turn, benefit consumers by allowing for increased product choice and information. As we have seen, however, much of the success of this balance in everyday adjudication is dependent on courts' ability to properly identify those commercial activities that can trigger the advertising function of marks in the first place. This is where things get muddier once the investment function comes into scene, which I now turn to analyse.

2.4. The Investment Function

In *Interflora*, the CJEU not only confirmed its narrow interpretation of adverse effect to the advertising function, but it went on to give content to the investment function. The court began by defining this function as 'use[...] by its proprietor to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty'.⁸⁷ Aware that this definition bore much resemblance to that previously proposed for the advertising function, the court went on to acknowledge that both functions can sometimes overlap. They must not, however, be confused. The court appeared to be at pains to explain how these functions differ from each other when it held that 'when the trade mark is used to acquire or preserve a reputation, not only advertising is employed, but also various commercial techniques'.⁸⁸ Unfortunately, the court failed to explain what these 'various commercial techniques' could be, opening the door to speculation.

More importantly, the court's inability to delimitate where the advertising function ends and the investment function begins can call into question from the outset the normative underpinnings of the latter function. Granting protection to the investment function in addition to that of advertising would be justified only insofar as we can identify trade mark uses where the investment function is triggered independently of the advertising function. If, on the contrary, these functions were to be so closely related as to overlap in virtually every instance of trade mark use, we might be better off construing the investment function as one possible manifestation of the advertising function instead of a stand-alone, full-fledged function. I propose to undertake this assessment by giving economic content to the investment function of marks. As we have seen in relation to the quality and advertising functions, this will require mapping the plethora of commercial techniques that firms employ in the course of trade, in this case with a view to 'acquir[ing] or preserv[ing the] reputation' of their brands.⁸⁹ As will become apparent from this exercise, the business strategies that right holders employ to this end have a sufficiently strong advertising component to frustrate any attempts to disentangle the investment function from that of advertising.

Business literature can, once again, be of assistance to identify corporate strategies that trigger the investment function of marks by building or maintaining their reputation. For instance, actions aimed at developing a firm's corporate social responsibility often seek to 'link[...] socially responsible behaviour with the brand'.⁹⁰ This allows to infuse the brand with the positive associations derived from such behaviour. Another example includes social media engagement, which is rapidly becoming a fundamental strategy for firms wishing to create and maintain their brand image.⁹¹ Although firms'

⁸⁷ Case C-323/09, *Interflora Inc v Marks & Spencer plc* (n 1) [60].

⁸⁸ *ibid* [61].

⁸⁹ *ibid* [60].

⁹⁰ Michael J Polonsky and Colin Jevons, 'Understanding Issue Complexity When Building a Socially Responsible Brand' (2006) 18 *European Business Review* 340, 341.

⁹¹ Manfred Bruhn, Verena Schoenmueller and Daniela B Schäfer, 'Are Social Media Replacing Traditional Media in Terms of Brand Equity Creation?' (2012) 35 *Management Research Review* 770.

marketing strategies in social media are heavily reliant on traditional forms of advertising, such as ads and sponsorship campaigns, they include other forms of interaction with (and even between) consumers, such as experience-sharing and community building. Also, firms often engage in content marketing through ‘the creation of valuable, relevant and compelling content *by the brand itself* [...] to generate a positive behavior from a customer’.⁹² Magazines, videos, podcasts and articles can, amongst other forms of content, be used to build brand image. For instance, the diffusion of recipes that contain the brand owner’s good as a fundamental ingredient or the publication of articles that educate on the uses and advantages derived from certain goods –sold by, amongst others, the brand owner.⁹³ In the online environment, content marketing is more specifically understood to be ‘a type of marketing that involves the creation and sharing of online material (such as videos, blogs and social media posts) that does not explicitly promote a brand but is intended to stimulate interest in its products or services’.⁹⁴ A popular form of content marketing in the digital environment involves celebrity story-telling that revolves around a firm’s product without explicitly mentioning the brand. In spite of this, the narrative underpinning the campaign is associated with the firm’s products and, ultimately, the brand. This often prompts consumers to build strong ties with the brand by identifying themselves with the values that it embodies.

Recourse can be had once again to the automobile and sports apparel industries to illustrate how marks perform an investment function in relation to each of these corporate strategies. As regards corporate social responsibility, BMW has for quite some time now engaged in socially beneficial activities with a view, *inter alia*, to building its brand image.⁹⁵ For instance, it regularly organises workshops in different countries around the world aimed at educating children on road safety. Or provides internship opportunities to aspiring engineers. These activities, which have an obvious positive impact on society and are *per se* desirable, also serve BMW to build on the reputation of its brand. Adidas AG also engages in socially beneficial activities that serve to strengthen its brand image. Most of the company’s corporate social responsibility hinges around sustainability and the protection of the environment.⁹⁶ For example, it is heavily invested in reducing the use of non-recycled materials in its manufacturing process and in safeguarding water quality by ensuring the responsible management of chemicals. These activities not only seek to benefit society, but also to strengthen the reputation of the ‘adidas’ brand, which becomes infused with the positive image conveyed by the company’s environmentally friendly behaviour.

Social media engagement is another way in which trade marks can perform an investment function. For instance, both BMW and Adidas AG are present in the most popular social media platforms, including Facebook, Instagram and Twitter, usually through national and/or regional accounts.⁹⁷ Admittedly, most of their activity on these sites consists of traditional forms of advertising, such as ads and sponsorship campaigns. However, both multinational companies also use their marks on social media to strengthen their brand image by engaging with their customers in a plurality of ways. For instance, by providing a forum where customers can share their purchasing and driving/sporting

⁹² Joe Pulizzi, ‘The Rise of Storytelling as the New Marketing’ (2012) 28 Publishing Research Quarterly 116, 116 (emphasis in the original).

⁹³ *ibid* 116–17.

⁹⁴ The Oxford English Dictionary <www.oxforddictionaries.com> accessed 12 November 2020.

⁹⁵ Detailed information on BMW’s corporate social responsibility strategy can be found on its website: <<https://www.bmwgroup.com/en/responsibility/social-commitment.html>> accessed 12 November 2020.

⁹⁶ An overview of Adidas AG’s approach to sustainability can be found on its website: <www.adidas-group.com/en/sustainability/managing-sustainability/general-approach/> accessed 12 November 2020.

⁹⁷ Adidas AG’s global accounts on: (a) Facebook: <www.facebook.com/adidas/>; (b) Instagram: <www.instagram.com/adidas/?hl=en>; and (c) Twitter: <<https://twitter.com/adidas?lang=en>> all accessed 12 November 2020. BMW’s global accounts on: (a) Facebook: <www.facebook.com/BMW/>; (b) Instagram: <www.instagram.com/bmw/?hl=en>; and (c) Twitter: <https://twitter.com/BMW?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Eauthor> all accessed 12 November 2020.

experiences with the companies themselves and, more importantly, with other customers. In other words, by engaging in community-building. Also, these fora are usually used as customer service online platforms where customers can ask questions about the products they have purchased directly to the manufacturer or even criticise its goods and management strategies. This is why it is often said that community building in social media is a double-edged sword and brand owners must be careful to minimise the negative impact that such criticisms, especially if widespread, can have on their brand image.⁹⁸

Taking a closer look at the Facebook profiles of both companies can help to illustrate how the investment function of marks operates in social media. In a recent post on its UK profile, BMW has shared a video featuring a young adult enjoying what appears to be a racing driving experience only to discover seconds later that he is using the company's driving simulator.⁹⁹ With a view to strengthening its brand image built around the idea of joyful and pleasurable driving, the Facebook post includes the following caption: 'Does it spark joy? Yes, the BMW Driving Simulator is that real'.¹⁰⁰ Reacting to this video, Facebook users engage in a conversation around BMW's automobiles on the comments section, including their design and performance, as well as the values promoted by the ad and even by the company. Interestingly, there are as many negative comments as positive ones, if not more –providing a good example of how community building strategies on social media can very easily backfire. Where criticism is widespread and can have an impact on sales, it can push a firm to rethink its strategy, including how best to strengthen its brand image.¹⁰¹ A more successful attempt at building brand image on Facebook can be found in Adidas AG's post to commemorate International Women's Day on the company's worldwide profile.¹⁰² This post seeks to strengthen the values embodied by the 'adidas' brand by showing support for women's empowerment on March 8th. To this end, the posted picture shows female athletes and dancers wearing 'adidas'-branded sportswear alongside feminist messages intended to inspire women to 'break[...] barriers', pursue 'bigger dreams' and be 'more visib[le]'.¹⁰³ The comments below the post show followers reacting to the content, for the most part, positively.

BMW and Adidas AG also engage in content marketing to build on the reputation of their brands. In the digital environment, this type of marketing often involves celebrity story-telling that revolves around the firms' products. For instance, BMW's website features interviews with world-renowned artists, such as singer Khalid or photographer and influencer Brooklyn Beckham (best known as David and Victoria Beckham's son).¹⁰⁴ These interviews allow them to share their love for their respective professions and to describe how driving fits into them. Their testimonies are accompanied by pictures and videos showcasing some of the company's new car models. While the 'BMW' brand is touched upon only tangentially, the narrative underlying these campaigns is associated with the firm's products. Ultimately, the brand is infused with these positive associations, thus strengthening its reputation. Similarly, Adidas AG launched 'GamePlan A' in 2016, a digital magazine aimed at maximising the benefits that sports activities can bring to professionals by enhancing their

⁹⁸ Silke Bambauer-Sachse and Sabrina Mangold, 'Brand Equity Dilution through Negative Online Word-of-Mouth Communication' (2011) 18 *Journal of Retailing & Consumer Services* 38; Sen Shahana and Dawn Lerman, 'Why Are You Telling Me This? An Examination into Negative Consumer Reviews on the Web' *Journal of Interactive Marketing*, Vol. 21, No. 4, Pp. 76 – 94' (2007) 21 *Journal of Interactive Marketing* 76.

⁹⁹ Post of 14 December 2020, available at: <<https://en-gb.facebook.com/BMW/>> (accessed 16 December 2020).

¹⁰⁰ *ibid.*

¹⁰¹ Rozenn Perrigot and others, 'Antecedents of Early Adoption and Use of Social Media Networks for Stakeholder Communications: Evidence from Franchising' (2012) 50 *Journal of Small Business Management* 539.

¹⁰² Post of 7 March 2019, available online at: www.facebook.com/adidas/ (accessed 16 April 2019).

¹⁰³ *ibid.*

¹⁰⁴ Khalid's interview: <www.bmw.com/en/automotive-life/khalid-interview-road-trip-playlist.html>; Brooklyn Beckham's interview: <www.bmw.com/en/automotive-life/brooklyn-beckham-car-photography.html> both accessed 12 November 2020.

performance at work.¹⁰⁵ In developing this content, that only tangentially refers to the ‘adidas’ brand, the firm is able to build a community around its magazine and the values it embodies. This will, ultimately, have a positive impact on its brand image. The magazine, available online and shared mostly on social media –especially LinkedIn, since professionals constitute its core target audience–¹⁰⁶ features testimonials from, and interviews with, amongst other professionals, Adidas AG’s own employees.¹⁰⁷ By sharing their stories about achieving work-sport balance, learning from sports to excel in the workplace or the benefits of integrating exercise in everyday routine, these testimonials serve to create a positive narrative around sports that will, ultimately, permeate to the ‘adidas’ brand.

These examples illustrate the diversity of commercial techniques that can trigger the investment function of marks by building or maintaining their reputation. If we look closely at these commercial techniques, however, it soon becomes apparent that their ultimate goal goes beyond acquiring or preserving brand reputation: they seek to attract consumers to the firm’s goods or services. In other words, the acquisition or preservation of brand image does not appear to be an end in itself, but rather a means to an end. This much was acknowledged by the CJEU in *Interflora* when it made reference, upon assessment of what amounts to adverse effect to the investment function, to right holders’ ‘efforts to acquire or preserve a reputation *capable of attracting consumers*’.¹⁰⁸ Employing the vernacular of trade mark functions, what these examples illustrate is how corporate activity that triggers the investment function of marks ultimately seeks to trigger their advertising function.

For instance, corporate social responsibility actions that infuse the brand with the positive associations derived from such behaviour ultimately serve to inform consumers of the firm’s socially driven values. Where these values are aligned with those of a certain category of consumers, corporate social responsibility actions will also serve to attract them to the firm’s goods or services. Adidas AG’s campaign to reduce the use of non-recycled materials in its manufacturing process provides a good example of this. By pursuing a green agenda, Adidas AG not only seeks to build on the reputation of its brand, but also to inform consumers of the (eco-friendly) characteristics of its sports apparel and to persuade the environmentally conscious amongst them to purchase ‘Adidas’-branded goods. The same is true of social media activity that goes beyond traditional forms of advertising, such as community building. Adidas AG’s Facebook post to commemorate International Women’s Day does more than build on the reputation of the ‘adidas’ brand by showing support for women’s empowerment. It seeks to inform consumers of the (feminist) values underpinning the brand and to attract gender equality supporters to the firm’s products. The same can be said of content marketing campaigns. Going back to the celebrity interviews published on BMW’s website to build a narrative around the values embodied by its brand, it is easy to see how such content aims to build brand image with a view to informing consumers of the aspirational capabilities of ‘BMW’-branded automobiles and to persuade them into buying them.

Giving economic content to the advertising and investment functions thus raises the following question: is the investment function contained within that of advertising? In other words, do trade mark uses aimed at building and maintaining the reputation of a brand (triggering the investment function) ultimately serve to inform and persuade consumers (triggering the advertising function)? It would appear so, at least judging from the range of commercial techniques surveyed here, where the investment function seems to operate as one possible manifestation of the advertising function rather than as a distinct function. And I have great difficulty imagining a scenario where brand image is not being acquired with a view to attracting consumers to the firms’ goods or services.

¹⁰⁵ Available online: <<https://www.gameplan-a.com/>> accessed 12 November 2020.

¹⁰⁶ Evidence that the magazine’s most relevant online distribution platform is LinkedIn is available online: <<https://insights.newscred.com/best-content-marketing-brands/#adidas>> accessed 12 November 2020.

¹⁰⁷ For instance, an interview with an employee working at Adidas AG can be found online: <<https://www.gameplan-a.com/2019/03/the-value-of-follower-ship-lessons-from-the-dance-floor/?section=main>> accessed 12 November 2020.

¹⁰⁸ *Case C-323/09, Interflora Inc v Marks & Spencer plc* (n 1) [64] (emphasis added).

In line with this finding, there is room to question the justifiability of granting protection to the investment function as a discrete cause of action. Admittedly, removing the investment function from right holders' arsenal would not diminish the scope of protection afforded to marks under my proposed reading –as a manifestation of the advertising function, the ability of marks to build and maintain reputation will still be protected under this function. However, by eliminating the confusion and uncertainty that result from the substantial overlap between the advertising and investment functions, the proposed approach can bring much-needed clarity and consistency to the application of the functions theory.

There is an additional argument that lends support to the proposition that the functions theory would operate better if we were to construe the investment function as one manifestation of the advertising function. If we look closely at the language employed by the CJEU in *Interflora* when it attempted to differentiate the investment function from that of advertising, it would appear that the court equates *advertising* with the *advertising function of a mark*. According to the court: 'when the trade mark is used to acquire or preserve a reputation, not only advertising is employed, but also various commercial techniques'.¹⁰⁹ The court seems to suggest here that the advertising function of a mark is only triggered in relation to advertising. This is not accurate, however. As the court itself has explained on numerous occasions, the advertising function of a mark is triggered when a mark is used to inform or persuade consumers. The examples surveyed earlier show that this can occur in relation to a wide range of commercial techniques in addition to advertising. The CJEU's interpretation of the investment function is, thus, premised on an inaccurate construction of the advertising function. This might explain why the court was at pains to delimitate where one function ends and the other begins in *Interflora*. More importantly for current purposes, it reinforces the soundness of the argument advanced here and its potential to bring clarity and consistency to the functions theory.

Having said that, even if the CJEU were to insist on protecting the investment function as a discrete course of action moving forward, it will rarely prove problematic in practice. There are two reasons for this. First, if my proposed argument is true and the advertising and investment functions overlap to such an extent that the latter is contained in the former, it is difficult to envisage a scenario where, in the absence of adverse effect to the advertising function, the investment function could be negatively affected. Second, the narrow scope of protection afforded to the investment function under the 'adverse effect' test promulgated by the CJEU in *Interflora* will limit the number of instances that call for a finding of infringement.

Going back to this decision, the CJEU held that adverse effect to the investment function will result from defendant's unauthorised use of plaintiff's mark 'substantially interfer[ing] with the proprietor's use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty'.¹¹⁰ This is hardly adding anything new. As regards reputed marks, the court held that adverse effect to the investment function will ensue where defendant's unauthorised use 'affects that reputation and thereby jeopardises its maintenance'.¹¹¹ This is, again, stating the obvious. However, the court soon went on to identify two ways in which unauthorised third party use of a mark will not have an adverse effect on its investment function, more precisely, where:

[T]he only consequence of that use is to oblige the proprietor of that trade mark to adapt its efforts to acquire or preserve a reputation capable of attracting consumers and retaining their

¹⁰⁹ *ibid* [61].

¹¹⁰ *ibid* [62].

¹¹¹ *ibid* [63]. In an effort to consider instances where the investment function of a mark might be adversely affected by unauthorised third party use, Kur has advanced that 'this might occur in particular if use of the mark as a keyword is likely to result in the loss of distinctive character, meaning that the relevant public will perceive the mark as a generic term rather than as a sign indicating origin'. Kur (n 6) 790.

loyalty. Likewise, the fact that that use may prompt some consumers to switch from goods or services bearing that trade mark cannot be successfully relied on by the proprietor of the mark.¹¹²

Interestingly, the court's wording does not contain any reference to keyword advertising. This should not be surprising in light of the nature of the court's task in references for preliminary rulings, where it must provide abstract guidance on the interpretation of EU law and, thus, refrain from applying the law to the facts at issue. However, in decisions dealing with trade mark functions the court has often blurred this line by tailoring its interpretation of the TMD to the specific set of facts before the domestic court.¹¹³ The reason for this oddity in *Interflora* might be found in the court's willingness to adopt a narrow interpretation of what amounts to adverse effect to the investment function. This would be in keeping with its efforts, since *Google France*, to root the functions theory in its foundational aim of restricting the scope of protection afforded to right holders in double identity cases. Indeed, the protection afforded to the investment function in light of the CJEU's decision in *Interflora* is very narrow. Most claims from right holders seeking to safeguard the ability of their marks to build and maintain a reputation are likely to hinge around showing that defendant's unauthorized use has led to: (a) additional 'efforts to acquire or preserve a reputation'; and/or (b) consumers 'switch[ing] from goods or services bearing [plaintiff's] trade mark'. Precisely the two ways in which the court has held that the investment function cannot be adversely affected. Therefore, and as was the case with the advertising function in light of *Google France*, most instances of unauthorized third party use of marks will not adversely affect their investment function to the extent necessary to amount to infringement.¹¹⁴

2.5. The Communication (or Expressive) Function¹¹⁵

The CJEU has failed to engage in any meaningful way with the communication function. Most guidance to date must, thus, be found in the opinions of the Advocates General. Although she failed to provide a definition, AG Kokott attempted to articulate what amounts to adverse effect to the communication function in *Viking Gas*.¹¹⁶ Plaintiff in this case manufactured and sold bottled gas, as well as offering gas refilling services. Defendant was in the business of refilling and distributing used gas bottles, some of which were manufactured by plaintiff and, thus, still had its marks affixed and/or were protected by a shape mark. AG Kokott held that defendant's use of these bottles would have an impact on the functions of plaintiff's marks, including the advertising, investment and communication functions. In her view, even if consumers are not confused as to the origin of the gas as a result of defendant's use of the bottles bearing/embodying plaintiff's marks, they will less readily associate them with its proprietor. The impact to these functions would arise from a reduction in the distinctiveness of the

¹¹² Case C-323/09, *Interflora Inc v Marks & Spencer plc* (n 1) [64].

¹¹³ This was most obviously the case in *L'Oréal* and *Arsenal*, where the referring courts of England and Wales criticised the CJEU's approach. In *L'Oréal*, the Court of Appeals claimed that the CJEU's interpretation of the Directive's double identity provision had been so narrowly tailored to the specific facts at issue that there was barely any room left for it to adjudicate the dispute. *L'Oréal v Bellure* (n 2) [31]. In *Arsenal*, this discussion went even further when the High Court found that the CJEU 'ha[d] exceeded its jurisdiction' by making a finding of fact that, in Laddie J's view, contradicted that of the national trial court and, thus, was 'not bound by [the CJEU's] final conclusion.' *Arsenal Football Club Plc v Matthew Reed* [2002] EWHC 2695 (Ch) [27]. On appeal, Aldous LJ found no contradiction between the trial court's and the CJEU's findings of fact and, thus, ruled in favour of appellant since the CJEU's ruling had to be followed. *Arsenal Football Club Plc v Matthew Reed* [2003] EWCA Civ 696 [48]. Similar objections can be raised to the CJEU's decisions in *Google France* and *Interflora*, where the court's interpretation of adverse effect to the advertising function followed so closely the fact pattern provided for by keyword advertising that domestic courts had little room for further adjudication.

¹¹⁴ As was already mentioned upon analysis of the advertising function, Annette Kur has agreed with this proposition. Kur (n 6).

¹¹⁵ As I will go on to suggest, the communication function in EU law ought to be equated to the expressive function of marks. As a result, they could be used interchangeably.

¹¹⁶ Case C-46/10, *Viking Gas A/S v Kosan Gas A/S* (n 9), Opinion of AG Kokott.

marks, hence why the AG characterises it as ‘consist[ing], ultimately, in the dilution of the mark’.¹¹⁷ However, after balancing these repercussions on the functions of the mark with ‘consumers’ property rights [...] [who own] the bottle[s] and the protection of competition’, the AG considered that these repercussions would not amount to infringement.¹¹⁸ Unfortunately, the CJEU failed to engage with the AG’s proposed analysis of adverse effect to the advertising, investment and communication functions when it held, in rather cursory terms, that ‘there is nothing to indicate that functions other than those to guarantee the origin of the product are undermined by the use at issue.’¹¹⁹

The CJEU’s inability to engage with the communication function in *Viking Gas* and subsequent cases is regrettable. As noted by several scholars, it adds to the uncertainty that has surrounded the functions theory since its inception in *L’Oréal*.¹²⁰ Also, and most importantly, it is symptomatic of the inability of EU trade mark law to keep pace with changing market realities. There is overwhelming evidence that marks are increasingly being used by right holders to communicate complex ideas, even values, with a view to expressing themselves. This is often the result of substantial and prolonged investment by firms who believe in such values themselves and wish to spread them in society through the manufacture and branding of goods that embody them or contribute to their practice.

For instance, going back to the automobile example, we have already seen how the ‘BMW’ marks convey an image of pleasurable, joyful driving. This is the result of a conscious effort by their right holder, BMW, whose brand strategy seeks to transcend more conventional meanings such as commercial origin and product quality. Pleasure and joy are concepts that tap into hedonistic values and lifestyle choices that revolve around the pursuit of happiness. BMW believes in the desirability of leading a joyful life, to which it seeks to contribute in several ways. First, by manufacturing cars that provide a pleasurable driving experience. Second, by informing (and attracting) consumers, through advertising, that ‘BMW’-branded cars provide such an experience. And, third, by pursuing a brand strategy that allows to build on this positive image so that, over time, the ‘BMW’ brand is able to convey not just a meaning of joyful driving but, more importantly, of hedonistic values. Because the ‘BMW’ marks are now able to communicate such a sophisticated message, its right holder can use them to signal far more than commercial origin and product quality: its allegiance to a hedonistic lifestyle. In other words, BMW will be able to use its marks to express itself. When used for this purpose, marks can be said to perform an expressive function.

That trade marks perform an expressive function has been widely acknowledged by commentators writing in both the legal and marketing fields, as well as by foreign courts.¹²¹ For instance, Dreyfuss has argued that ‘ideograms that once functioned solely as signals denoting the source, origin, and quality of goods, have become [...] indicators of the status, preferences, and aspirations of those who use them.’¹²² Gangjee has argued that ‘brand image may also provide the resources for both individual as well as collective identity projects. Since consumers fabricate their identities within a market context, brands signal social identity or status’.¹²³ Keller, writing in the marketing field, believes that ‘for many people, [...] [brands] serve the function that fraternal, religious and service organizations

¹¹⁷ *ibid* [60].

¹¹⁸ *ibid* [90].

¹¹⁹ *Case C-46/10, Viking Gas A/S v Kosan Gas A/S* (n 9) [23].

¹²⁰ *Kur* (n 2); *Gangjee* (n 2).

¹²¹ I have written extensively on this topic elsewhere: Alvaro Fernandez-Mora, ‘A Counterintuitive Approach to the Interaction Between Trademarks and Freedom of Expression in the US and Europe: A Two-Way Relationship’ (2021) 39 *Berkeley Journal of International Law* (forthcoming).

¹²² Rochelle C Dreyfuss, ‘Expressive Genericity: Trademarks as Language in the Pepsi Generation’ [1990] *Notre Dame Law Review* 397, 397–98.

¹²³ *Gangjee* (n 2) 35.

used to serve –to help people define who they are and then help them communicate that definition to others’.¹²⁴ In its recent decision in *Matal v Tam*, the US Supreme Court has held that:

[T]rademarks often have an expressive content. Companies spend huge amounts to create and publicize trademarks that convey a message. It is true that the necessary brevity of trademarks limits what they can say. But powerful messages can sometimes be conveyed in just a few words. Trademarks are [...] speech.¹²⁵

BMW’s marketing campaign for the launch of its Z4 car model can help to illustrate this type of use.¹²⁶ The campaign features renowned artist Robin Rhode driving a BMW Z4 car on a smooth white surface that serves as an enormous canvas for the paint-covered wheels to draw a colourful masterpiece as the car is driven to execute lines and circles. Explaining the aim of this campaign, a press release from the company provides as follows:

The outcome [of the ad] is “An Expression of Joy” –just like the BMW Z4 itself. [...] More than anything, the new BMW Z4 is an *expression* of sheer driving pleasure. The head of marketing for the BMW brand in Germany, Manfred Bräunl, is confident that: “The BMW Z4 embodies the values of the BMW brand –design, youthfulness, dynamic performance– more than any other vehicle. The launch campaign for the new roadster *expresses* these values exceptionally well. [...]”¹²⁷

BMW acknowledges in its press release to be expressing itself in several ways. Firstly, through the manufacture of the BMW Z4 car model, which ‘embodies the values of the BMW brand’, including the hedonistic pursuit of a joyful driving experience. In this regard, the company believes the car itself to be ‘an expression of sheer driving pleasure’. And, secondly, through the advertising campaign, which ‘expresses the [...] values [of the company] exceptionally well’. These acts of communication are heavily dependent on the expressive function of the ‘BMW’ marks, which are used on the car itself and on the ads to convey the hedonistic values that the brand is commonly associated with. In both instances, therefore, the ‘BMW’ marks are being used for expressive purposes.

Similarly, the ‘Volvo’ marks not only serve to signal the commercial origin of Swedish automobile manufacturer AB Volvo, but also to convey an image of safe driving. AB Volvo is well known for constantly seeking to enhance the safety features of its automobiles with a view to minimising the repercussions, in terms of bodily injury and even loss of life, that a collision while driving can bring about on the driver, as well as on any passengers, usually family members and friends. The concept of safety on the road is, therefore, firmly rooted in the firm’s ethos. This concept taps into fundamental social values, such as family, friendship, safety, well-being, even social cohesion. All of which the ‘Volvo’ brand is able to convey. How? First, by manufacturing cars that incorporate the latest advancements in safety-enhancement technology. Second, by informing consumers, through advertising, that their cars maximise safety on the road for all passengers. This information also allows AB Volvo to attract safety conscious consumers who value safety on the road above other car features, such as, for instance, driving experience. And, third, by building a brand image that revolves around safety and family/friendship values. As a result, the ‘Volvo’ marks will allow AB Volvo to: (a) distinguish its cars from those of other automobile manufacturers; (b) inform (and persuade) consumers that its

¹²⁴ Keller (n 18) 8 (paraphrasing Daniel Boorstein).

¹²⁵ *Matal v Tam* 137 S. Ct. 1744 (2017) 1769.

¹²⁶ “An Expression of Joy”: The global launch campaign for the new BMW Z4 portrays driving as an art form - and presents the roadster as an artist on four wheels’, BMW Press Release of 14 April 2009 <<https://www.press.bmwgroup.com/global/article/detail/T0012135EN/an-expression-of-joy--the-global-launch-campaign-for-the-new-bmw-z4-portrays-driving-as-an-art-form-and-presents-the-roadster-as-an-artist-on-four-wheels?language=en>> accessed 12 November 2020.

¹²⁷ *Ibid* (emphasis added).

cars are reliable and safe –and, thus, ideal for protecting family and friends–; and (c) express its allegiance to family/friendship values.

One of AB Volvo’s latest marketing campaigns can help to illustrate this. In 2016, the company presented ‘Vision 2020’, a strategy focused on passenger safety that is committed to ensuring that nobody dies or is seriously injured in one of their cars by 2020.¹²⁸ To announce this strategy, the company launched an ambitious advertising campaign featuring, *inter alia*, a TV spot showing a young girl being driven by her parents in the back seat of a ‘Volvo’-branded car.¹²⁹ As different landscapes appear before her eyes, we hear her thoughts which, towards the end of the ad, are as follows:

There is something I don’t understand: how the car makers think. It seems like they keep making cars for race tracks, instead of city streets. Is that what’s important? Really? What if a car maker thought differently? [...] What if someone made a car for people who care about other people?¹³⁰

The camera then zooms out from her face and we see the back of a ‘Volvo’-branded car as it drives into the distance on a peaceful rural road. After the image fades to black, the following message from AB Volvo’s CEO is shown on screen: ‘Our Vision is that by 2020, nobody should be seriously injured or killed in a new Volvo car’.¹³¹ This campaign takes AB Volvo’s determination to design and manufacture cars that incorporate the latest safety-enhancing technology to the ultimate level. ‘Vision 2020’ is, therefore, born from the manufacturer’s belief in the importance of safety on the road. But the company is not just interested in safety for the sake of safety. AB Volvo has repeatedly emphasised its commitment to safety as a means to protect people and ensure that they can enjoy life together. In the words of the company’s most senior branding strategist: ‘There are other aspects around safety that we are focused more on, without giving up safety. We are a brand for people who care about people.’¹³² The ‘Volvo’ marks, therefore, convey much more than commercial origin and product quality. They have come to communicate a set of values that revolve around safety on the road, most notably, the protection of our loved ones, be they family or friends. And its ‘Vision 2020’ campaign is the perfect example of how AB Volvo uses its ‘Volvo’ marks to express its belief in such fundamental values. First, by affixing them on cars that have been designed and manufactured following the company’s high safety standards. And, second, by using them on the TV ad and on other promotional materials.

The ability of contemporary marks to convey the sorts of complex meanings that these examples illustrate is extremely valuable for firms who wish to attract consumers who identify with the values and lifestyle choices conveyed by expressive marks. By tapping into their expressive needs, the purchase and consumption of branded goods also allows consumers to express themselves and pursue their identity projects. It is fairly common to come across these types of expressive uses in our brand-oriented society. For instance, a consumer of, say, ‘adidas’-branded sneakers will use the mark expressively by wearing them on his morning jog to communicate his belief in the desirability of leading a healthy and stylish lifestyle –values that the ‘adidas’ brand has come to convey through the manufacture of high performance, design conscious sportswear, as well as through advertising.

¹²⁸ The company offers a thorough overview of this campaign on its website <<https://www.volvocars.com/en-om/about/our-stories/vision-2020>> accessed 12 November 2020.

¹²⁹ The ad can be streamed on several of Volvo’s national YouTube profiles, for instance, on its Belgian and Luxembourg profile: <<https://www.youtube.com/channel/UCbSirMzCYKft5xG-clK6BTg>> accessed 12 November 2020.

¹³⁰ *ibid.*

¹³¹ *ibid.*

¹³² Lucy Handley, ‘Marketing can’t be made up’: Volvo’s brand chief wants communications to mean something’, CNBC, 21 September 2018 <<https://www.cnbc.com/2018/09/21/volvos-cmo-bjorn-annwall-on-the-car-companys-marketing-strategy.html>> accessed 12 November 2020.

Despite the expressive content of marks being extremely valuable for right holders (and consumers), the sole instance where the Advocate General has acknowledged the ability of marks to convey such complex meanings has been in *L'Oréal*.¹³³ In assisting the CJEU, AG Mengozzi characterised the communication function as the ability of marks to convey information generally, ranging from commercial source to more complex ideas, for instance, 'messages relating to non-physical characteristics which give an image of the product or the company in terms which are general (for example, quality, trustworthiness, reliability, etc.) or particular (for example, a certain style, luxury, strength)'.¹³⁴ The latter type of information arguably falls into the expressive category, allowing the mark owner to communicate its allegiance to certain values and lifestyle choices, such as a particular style or degree of sophistication. It would thus appear that the communication function is spacious enough to include expressive meanings, which are deserving of protection under EU trade mark law.

Unfortunately, however, in taking the communication function one step forward, AG Mengozzi also took two steps back. First, he remained silent as to what can constitute 'adverse effect' to the communication function of marks that convey expressive meaning. And, second, by construing the communication function in such broad terms to include the ability of a mark to convey any type of meaning (including, but not limited to, expressive meaning), this function arguably becomes redundant.¹³⁵ As Gangjee rightly points out:

[T]hus construed, the communication function recognizes that marks are semantically roomy enough to carry a range of promotional messages and this seems indistinguishable from a mere combination of the investment and advertising functions.¹³⁶

Useful exploration of this function would, thus, require the CJEU to clarify its content. In doing so, the court would be best advised to build on AG Mengozzi's opinion and hold –in line with the interpretation suggested here– that the communication function protects a mark's ability to convey expressive meaning, as opposed to any type of meaning. This would prove advantageous in several ways. First, by circumscribing its scope of protection within the confines of an identifiable form of meaning (expressive), the proposed interpretation of the communication function allows moving away from current characterizations of this function as a catch-all cause of action. Second, giving (expressive) content to the communication function allows to clearly distinguish this function from those of quality, advertising and investment. Insofar as it allows to identify the defining characteristics of each function with clarity, the proposed interpretation of the communication function can bring much-needed clarity to the discipline. And, third, the recognition by the CJEU that marks' ability to convey expressive meaning is deserving of protection under the communication function would be in keeping with its efforts to protect the plethora of functions that contemporary marks are already performing in the marketplace. As we have seen, there is widespread support for the proposition that marks perform an expressive function. A function in which right holders are investing increasing amounts of resources and for which consumers are showing growing demand. In light of its extraordinary value to both firms and consumers, there is merit to the proposition that the expressive

¹³³ *Case C-487/07, L'Oréal v Bellure* (n 1), Opinion of AG Mengozzi.

¹³⁴ *ibid* [54].

¹³⁵ AG Jääskinen has interpreted the communication function, in light of the decisions of the CJEU and opinions of the Advocates General, as being 'to a large extent covered by the distinguishing and origin function, advertising function and the investment function'. *Case C-324/09, L'Oréal v eBay* (2011) ECR I-06011, Opinion of AG Jääskinen [ft20]. This led him to conclude that there was no need 'to address it separately here'. *ibid*. It is unclear whether the AG is leaving the door open to the possibility of assessing adverse effect to this function separately in other instances, but it seems unlikely. Arguing for this position, Gangjee has interpreted AG Jääskinen's opinion in the sense that he 'concludes that the communication function operates at a foundational level and is integrated into the other functions, such that it does not require separate consideration'. Gangjee (n 2) 39.

¹³⁶ Gangjee (n 2) 41.

dimension of marks is deserving of protection under EU trade mark law by virtue of the communication function.

3. Conclusion

This article has attempted to fill a significant gap in the literature by identifying how each of the trade mark functions identified by the CJEU in addition to source-identification (i.e. quality, advertising, investment and communication) maps to different branding strategies deployed by firms in the course of trade. This has proved to be a worthwhile endeavour in, at least, two fundamental areas of the discipline. First, it has brought much-needed clarity to the field by shedding light on the defining characteristics of each function. This is not to say that the conceptual boundaries between functions, and how they relate to business activity, are now clear-cut. As we have seen, certain commercial activities can trigger different trade mark functions at once in ways that can blur their defining characteristics, frustrating any taxonomical attempts. However, a more detailed understanding of the economic underpinnings of trade mark functions will assist decision makers and scholars in their efforts to identify the distinctive features of each function moving forward.

And, second, giving economic content to trade mark functions has provided the required analytical tools to better frame each function within its market context and, thus, for improved finetuning of the protection afforded to trade marks under the functions theory. This paper makes three significant contributions in this regard. First, recognising that the quality function of marks can be triggered by business strategies that only tangentially involve the origin function can serve to assess adverse effect to the quality function in its own right. Second, a detailed analysis of the economic content of the advertising and investment functions reveals that their overlap is substantial enough to call into question the justifiability of recognising two separate causes of action. Much can be gained in terms of enhanced clarity and consistency by construing the investment function as one possible manifestation of the advertising function (and, thus, protected under the latter). And, third, the interests of right holders and consumers would be better served by EU trade mark law if were to circumscribe the scope of protection afforded by the communication function to the expressive dimension of marks. In addition to clarifying its content, this would allow the functions theory to keep pace with the increasing role of marks as expressive artefacts in the contemporary marketplace.
