Suppressing undesired vocabulary: the EUIPO's decision rejecting the registration of the trade mark 'Fack Ju Göhte' should be annulled, says Advocate General



On 2 July 2019, Advocate General (AG) Bobek delivered his opinion in <u>Case C-240/18 P</u> Constantin Film Produktion GmbH v European Union Intellectual Property Office (EUIPO), advising that the EUIPO's decision to reject the registration of the trade mark 'Fack Ju Göhte' because it was too offensive should be annulled.

Background

In April 2015, the appellant German company Constantin Film Produktion GmbH (Constantin Film) sought to register with the EUIPO the word mark 'Fack Ju Göhte', after the title of a successful German comedy film. The application at issue was made for several classes of the Nice Agreement, covering a wide variety of goods, including audio-visual and information technology equipment, digital recording media, perfumery, jewellery, stationery, leather products, clothing, footwear, games, confectionery, alcoholic and non-alcoholic beverages, but also telecommunication and education services as well as entertainment and sporting activities. The relevant public was composed by German-speaking consumers in the EU and thus included people who might have never seen or heard of the movie. The goods and services at issue were addressed to the general consumer, with some of them targeting children and adolescents. In September of the same year, Constantin Film's application was rejected on the grounds that the word sign was contrary to 'accepted principles of morality' in accordance with Article 7(1)(f) of the Council Regulation No 207/2009 on the Community Trade, read in conjunction with Article 7(2) of the same.

In December 2016, the company's appeal against that decision was rejected by the Fifth Board of Appeal of the EUIPO (the contested decision), which considered that the pronunciation of the first two words 'Fack ju' would be perceived by the relevant public almost indistinguishable from that of the English expression 'Fuck you'. But, even if no sexual connotations were attributed to these word elements, the expression amounted to 'an insult in bad taste, shocking and vulgar'. Also, the addition of the word 'Göhte', which closely resembled the name of Johann Wolfgang von Goethe, degraded posthumously the respected writer. In the Board's view, the misspelt name did nothing to mitigate the insult. Moreover, pursuant to Article 7(3) of the 2009 Regulation, the success of the film which had been seen by millions of people could not be relied upon to overcome the obstacle presented by the ground for refusal at issue;

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nor was it possible to infer from the use of the words 'Fack ju' in the film's title that these were socially acceptable.

In February 2017, Constantin Film sought before the GC the annulment of the contested decision but the GC dismissed the action and upheld the initial EUIPO ruling (see <u>Case T-69/17</u>). The company appealed that judgment before the Court of Justice on three grounds. By the first ground, the appellant claimed that the GC had erred in its interpretation and application of Article 7(1)(f) of the 2009 Regulation. The second and third grounds concerned breaches of the principles of equal treatment and good administration respectively.

The alleged errors in the interpretation and application of Article 7(1)(f) of the 2009 Regulation

Article 7(1)(f) of Regulation No 207/2009 prohibits the registration of Community trade marks which are 'contrary to public policy or to accepted principles of morality.' The new Regulation 2017/1001 on the EU Trade Mark preserves the original wording untouched. In the AG's opinion, the key issue raised by the first ground of appeal related to the elements that need to be considered when assessing a trade mark application through the lens of Article 7(1)(f). To what extent, in particular, do the social context of the relevant sign and its proven impact on the relevant public play a role in this assessment?

This question raised in turn another concern relative to the role of freedom of expression in trade mark law. Contrary to what the GC had ostensibly held in paragraph 29 of its judgment, the AG observed that freedom of expression 'clearly applies' in the field of trade marks, though:

in contrast to the fields of arts, culture, and literature, the weight to be given to freedom of expression in the area of trade mark law may be somewhat different, perhaps slightly lighter, in the overall balancing of the rights and interests present.

In other words, the essential aim of trade marks is to distinguish the goods or services of one trader from those of another and guarantee their origins and quality to consumers. The protection of freedom of expression is not their primary function, but it must be taken into account in the overall balancing exercise between an applicant's interest in securing the registration of a sign (and the specific protection conferred by it) with the interest of the public in not being confronted with vulgar symbols, phrases or words used in the course of the trade. This is also consistent with Recital 21 of the 2017 Regulation, which reads that 'this Regulation should be applied in a way that ensures full respect for fundamental rights and freedoms, and *in particular* the freedom of expression.' So, how is freedom of expression to be balanced against the concepts of public policy and accepted principles of morality? Could it be said that the EUIPO adopted in the case at hand a less liberal vision of public morality and disregarded the freedom of expression realised by the contested trade mark?

The AG noted that the EUIPO has a role to play in the protection of public policy and prevailing standards of morality. However, this comes with an important caveat:

[...] the protection of public policy and morality is certainly not the key or predominant role of EUIPO and EU trade mark law. The absolute ground for refusal in Article 7(1)(f) effectively acts as a safety net, potentially setting limits to the realisation of other aims. But it is certainly not an aim in and of itself.

With respect to the concepts of 'public policy' and 'accepted principles of morality', the AG disagreed with the GC's position that the terms are interchangeable and the EUIPO is not required to differentiate between them. The AG suggested that there was 'a conceptual difference in terms of how, by whom and with regard to what the content of each of those categories is defined.'

Public policy is a normative vision of values and goals, defined by the relevant public authority, to be pursued now and in the future, that is, prospectively. [...] In contrast to the top-down nature of public policy, [accepted principles of morality] grow from the bottom up. [They] refer to values and convictions currently adhered to by a given society, set and enforced by the prevailing social consensus within that society at a given time. [...] The key difference between the two concepts is how they are established and thus ascertained.

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A fair degree of overlap between the two concepts is admittedly present in some instances, e.g. trade marks invoking, or otherwise relating to, terrorism acts. However, the differences between them have implications for *what* exactly is to be assessed and *how*, if either concept is to be invoked. When the absolute ground for refusal of accepted principles of morality is specifically relied upon, which was the case in the present proceedings, it is necessary to look at 'case-specific evidence' to ascertain how the relevant society (the public in question) would presumably react to that sign being affixed to the respective goods or services. This is relevant therefore when looking at what the EUIPO and the GC should have examined when the former rejected the appellant's application and the latter endorsed this approach. Importantly, the EUIPO must establish 'why it believes that a given sign would offend those principles'. Whilst such a conclusion might not always be borne out by in-depth empirical research visa-vis a given sign, the Office should provide an 'informed estimation' which:

must be grounded in a specific social context, and it cannot ignore factual evidence that either confirms or possibly casts doubt on EUIPO's own views on what does or does not conform to accepted principles of morality within a given society at a given time.

A practical implication of this is that the assessment for compliance with accepted principles of morality needs to be carried out with reference to the wider societal perception and context; not by exclusively relying on the sign *per se*, i.e. only by reference to its intrinsic qualities. The AG concluded that the EUIPO assessment failed to meet these standards in the present case. In this respect, he highlighted certain factors which, although not determinative of the registration of the mark in dispute, strongly evidenced that the expression 'Fack Ju Göhte' did not raise eyebrows in the minds of the various parts of the German-speaking public. These included the 'great success' of the film in German-speaking countries without triggering much controversy over its title and the fact that the film title was authorised and released for screening to younger audiences. In the AG's opinion, the General Court also failed to consider relevant elements of the context and thus incorrectly interpreted Article 7(1)(f) of the Regulation.

Infringement of the principles of equal treatment and sound administration

The second and third grounds concerned the alleged lack of coherence in the decision-making approach of the EUIPO and its obligation to give a reasoned explanation for the departure from its previous practice (Article 75 of the 2009 Regulation and Article 94(1) of the 2017 Regulation). Constantin Film submitted that the GC, by failing to apply to the present case the EUIPO's ruling in the application for the sign 'Die Wanderhure' (decision of the Fourth Board of Appeal of 28 May 2015, R 2889/2014-4), the GC arbitrarily treated in different ways factually similar circumstances which concerned the application of the same legal provision. The appellant also submitted that by examining the sign 'Fuck you Goethe' - instead of 'Fack Ju Göhte' - and by not applying the findings of *Die Wanderhure*, the GC made a decision which was unforeseeable and not verifiable.

Die Wanderhure concerned a sign which was also the name of a German novel and its film adaptation. In German, the word 'hure' is a synonym for prostitute. The EUIPO (then known as the Office of the Harmonisation in the Internal market) did not consider the trade mark immoral and allowed its registration. In light of this, the AG argued that the GC erred in law when it did not sanction the EUIPO's failure to provide a suitable explanation for the departure from its previous practice or a plausible reason as to why the application for the 'Fack Ju Göhte' sign had to be decided differently compared to the more liberal outcome reached in *Die Wanderhure*.

Conclusion

For all these reasons, AG Bobek proposed that the Court of Justice should set aside the judgment of the GC and annul the decision of the Fifth Board of Appeal of EUIPO. He also suggested that the EUIPO should be ordered to bear its own costs and pay the costs incurred by Constantin Film both in the proceedings at first instance and on appeal in the present case.

Commentary

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In sum, the AG's opinion sensibly concludes that the GC was wrong in its determination because the offensive or vulgar nature of the applied-for mark had not been proved with reference to a specific social context at a given time. It should be noted that the AG's opinion is not binding on the Court of Justice. The AG's role is to propose to the Court an independent legal solution to the cases for which he or she is responsible. The Judges of the Court are now beginning their deliberations in this case and will deliver their judgment at a later date.

This is also a timely reasoned submission. On 24 June 2019, the United States Supreme Court handed down its judgment in *lancu v Brunetti*, holding that The Lanham Act's prohibition on the registration of 'immoral [or] scandalous' trademarks violates the First Amendment. In doing so, America's highest court overturned more than 70 years of legal practice and delivered a win for Eric Brunetti, whose trademark for the streetwear brand FUCT had been rejected on these grounds.

The importance of the present appeal lies in the fact that it invites the Court of Justice of the EU to clarify for the first time the applicable legal test when considering whether to reject an application for a trade mark based on Article 7(1)(f) of Regulation No 207/2009. In other words, under what circumstances can a trade mark application be considered 'contrary to public policy or to accepted principles of morality'? The Court is also asked to provide guidance on the scope of the EUIPO's obligation to state reasons when it wishes to adopt a decision that could appear to depart from previous case law on similar matters.

Another interesting issue arising from this case is the legal test applied by the EUIPO and the GC when assessing an application for the registration of a sign which contains an arguably offensive expression that matches the title of a successful film. In Fack Ju Göhte, it is perhaps hard to escape the situational irony that the Goethe-Institut uses the film bearing the mark in dispute for pedagogical purposes. Whilst rating of feature films in member states is a distinct regulatory regime from EU Trade Mark law, previous rulings issued by national bodies such as the British Board of Film Classification (BBFC) in relation to screening conditions apparently acquire some relevance in the assessment of trade mark legislation and specifically Article 7(1)(f) of the EUTM Regulation. National regulators are, as the AG put it, 'no doubt better placed than an EU-wide trade mark office' to evaluate what is immoral at a given time in a certain member state, and therefore their findings should be duly taken into account. Although these cannot prevent the EUIPO from concluding that the mark applied-for is an affront to accepted principles of morality, national bodies' assessments can have, in this context, the effect of raising the level of moral reasoning that must be provided by the EUIPO. Their findings also call for more persuasive justifications on its behalf if it decides to deviate from what national regulators ascertained to be acceptable (within the same linguistic or geographical space as that chosen by the Office for its own assessment) and ultimately refuse registration of an eponymous mark.

Finally, when assessing the suitability of a sign for registration, the ground for refusal relating to accepted principles of morality refers to subjective values which nevertheless need to be applied as objectively as possible, taking a sign specifically and comprehensively into consideration. It involves, among others, the often delicate balancing of an applicant's interest in having a sign registered with the interest of the public in not being confronted with upsetting or offensive trade marks. The EUTM Regulation provides no indication of how precisely such a balance ought to be conducted in individual cases. The keenly-awaited Court of Justice decision is expected to bring an additional layer of clarity in relation to the criteria that need to be considered in making this judgment call, so that a fair degree of predictability as to the potential outcome is achieved. If, however, the tool provided by Article 7(1)(f) of the Regulation is applied too broadly or too strictly, there is a risk that it will be overly effective, potentially limiting investment in otherwise legitimate trade marks.

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