

A ‘McNopoly’ of marks

THE CASE:

Future Enterprises Pte Ltd v European Union Intellectual Property Office & McDonald's Intl Property Co Ltd
Court of Justice of the European Union
5 June 2016

McDonald's succeeds in protecting its 'Mc' family of marks in the EU.
Claire Lehr and Martin Whittle explore

In a recent ruling of the General Court of the Court of Justice of the European Union (CJEU), McDonald's successfully invalidated a trademark registration for 'MACCOFFEE' based on the reputation of a number of its earlier 'Mc' prefixed trademarks. McDonald's appears now able to prevent the registration of trademarks incorporating 'Mc' or 'Mac' for foods and beverages.

Timeline of the dispute

In October 2008, Future Enterprises Pte Ltd (Future Enterprises), a Singaporean food and beverage company, filed a European Union trademark (EUTM) application for MACCOFFEE in Classes 29, 30 and 32. The application proceeded to registration on 29 January 2010.

However, its joy at obtaining a registration was to prove short lived, since McDonald's Intl Property Co Ltd (McDonald's) filed invalidity proceedings in August 2010 against the MACCOFFEE registration under Article 53(1) of Regulation No 207/2009 (the regulation). The invalidity action was based upon McDonald's earlier EUTM registration for McDONALD'S, together with 12 other earlier registrations incorporating 'Mc' or 'Mac' prefixes, such as McCHICKEN and McFEAST, and McDONALD'S, a well know trademark in Germany within the meaning of Article 6bis of the Paris Convention for goods and services of classes 29, 30, 32 and 43.

The Cancellation Division of the EU Intellectual Property Office (EUIPO) decided in favour of McDonald's, holding that given the longstanding reputation acquired by the McDONALD'S trademark, and the establishment, on the part of the relevant public, of a link between that and the contested MACCOFFEE trademark, there was

a "serious" likelihood that use of MACCOFFEE would take unfair advantage of the reputation of the McDONALD'S trademark. Accordingly, the MACCOFFEE registration was declared invalid.

An appeal by Future Enterprises was dismissed by the First Board of Appeal which concurred with the earlier decision, noting that the McDONALD'S trademark benefited from a "considerable reputation" for fast-food restaurant services. Following an analysis of the limbs to Article 8(5), the Board of Appeal concluded that a large part of the public would associate the mark MACCOFFEE with the McDonald's 'Mc' family of marks. Accordingly, it was "highly probable" that Future Enterprises took advantage of the reputation of the McDONALD'S mark and that use of MACCOFFEE was without due cause.

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The appeal to the CJEU

Future Enterprises did not agree and applied to the CJEU to annul the Board of Appeal's decision on the grounds that all limbs to Article 8(5) of the Regulation were not fulfilled. In essence, Future Enterprises argued that the

marks McDONALD'S and MACCOFFEE were not sufficiently similar for the relevant public to establish a link between the marks and that use of the mark MACCOFFEE did not lead to the risk that unfair advantage might be taken of the distinctive character or the repute of the McDONALD'S mark.

Similarity between the marks

While the CJEU did depart from the earlier decisions in finding a lack of visual similarity between McDONALD'S and MACCOFFEE, it nonetheless found the marks had a certain degree of overall similarity given the conceptual and phonetic similarities of their respective initial parts, specifically 'Mc' and 'Mac' which refer to a surname of Gaelic origin.

Will the relevant public establish a link between the marks at issue?

Future Enterprises contested the establishment of such a link, claiming that the Board of Appeal had erred in concluding that as a result of the element 'Mac' in MACCOFFEE, the relevant public could associate that trademark with the 'Mc' family of trademarks, derived from the McDONALD'S trademark.

Family of marks

A key consideration in this case was whether the earlier Mc-prefixed marks formed a family of marks. There is no provision for registering a family of trademarks as such, only individual marks may be registered and it is to the individual marks that protection is accorded. However, the courts have accepted the concept of a 'family' of marks in circumstances where there are a number of marks characterised by the repetition of a single prefix or suffix taken from an original mark – in this case the 'Mc' prefix of the 'McDONALD'S' mark

was repeated in combination with another word element, predominantly foodstuffs – for example McRIB and McTOAST. An assumption of a family of marks on the part of the public requires that the common component of the marks at issue has the necessary distinctiveness to be able to serve, in the eyes of the public, as the principal indicator of a product line. Hence, a common element which is merely descriptive, highly suggestive, or is commonly used in the industry or on a variety of products, usually cannot establish a family of marks.

In the landmark decision of *Il Ponte Finanziaria v OHIM and FMG Textiles*,¹ the CJEU confirmed that proving existence of a family of marks requires not only proof of registration for each mark, but also proof of their use. Following *Il Ponte Finanziaria*, the CJEU examined whether the actual use of a sufficient number of McDonald's earlier marks constituted a 'family' of marks and, secondly, whether MACCOFFEE contained elements that connect with characteristics common to the McDonald's 'family' of marks.

Actual use of a trademark is a prerequisite for the establishment of a 'family' of marks. In assessing actual use, the CJEU noted that all relevant factors in the case should be considered. The CJEU was forthright in stating that actual use must be demonstrated by 'solid and objective evidence' and not merely probabilities or suppositions.²

The CJEU agreed with the previous decisions that the evidence provided by McDonald's was sufficient to prove genuine use of the McDONALD'S mark for fast-food restaurant services – the evidence of income generated under the McDONALD'S totalling approximately €32bn was found particularly compelling. In addition, it was held that there was sufficient evidence of actual use on the market of marks combining the prefix 'Mc' with another word, such as McMUFFIN and McRIB. There was extensive evidence submitted by McDonald's, including evidence of use on menus and advertising material and independent evidence that the McDONALD'S mark occupied the sixth position in global brands.

In its appeal, Future Enterprises did not dispute the actual use of the earlier marks, but contested whether such use was sufficient for the prefix 'Mc', when combined with another word, to acquire its own distinctive character for foodstuffs and beverages. The CJEU held that based upon the evidence submitted by McDonald's, use of the prefix 'Mc', in conjunction with the name of a foodstuff, retained its own distinctive character. Therefore, the 'Mc' prefix had acquired distinctiveness in relation to fast-food restaurant services and goods on the menu of

fast food establishments.

On the second limb, the CJEU affirmed the Board of Appeal's finding that the mark MACCOFFEE had characteristics capable of associating it with the 'Mc' family of marks given that:

- MACCOFFEE began with the prefix 'Mac', which would probably be perceived as being almost identical to the prefix common to the 'Mc' family of marks;
- The structure of the MACCOFFEE mark was very similar to that which was common to the 'Mc' family of marks; and
- The prefixes 'Mc' and 'Mac' occupied, in the 'Mc' family of marks and in the MACCOFFEE mark, the same position and had the same semantic content.

Accordingly, the CJEU concluded that the relevant public would establish a link between MACCOFFEE and the McDonald's family of marks.

“The case serves to remind brand owners and practitioners alike, that a successful claim for a ‘family’ of marks must be supported with evidence of use of those marks.”

Similarity of goods and services

In assessing the goods and services, fast-food restaurant services and certain foodstuffs and beverages, the CJEU stated that foodstuffs (including beverages), and restaurant services had a certain degree of similarity, since foodstuffs are complementary to restaurant services. Accordingly, the CJEU confirmed the 'well-founded' decision of the Board of Appeal regarding the similarity of goods and services.

Unfair advantage being taken from the reputation of the McDONALD'S trademark

The CJEU confirmed that the stronger the distinctive character and reputation of the earlier mark is, the easier it is to accept that detriment has been caused to it. As discussed previously, the CJEU had noted

that the McDONALD'S mark benefited from a heightened reputation and also that the 'Mc' prefix had acquired its own distinctive character.

Facing an uphill struggle given the reputation and distinctiveness of the McDONALD'S mark, Future Enterprises unsuccessfully argued that the Board of Appeal did not take account of market realities and failed to consider the peaceful coexistence of the MACCOFFEE and McDONALD'S marks in certain territories, such as Bulgaria and Estonia. In response, the CJEU found that as an application for cancellation was filed less than seven months after registration of the mark, this was not a sign of peaceful coexistence.

Accordingly, the CJEU found that Future Enterprises was riding the coat-tails of the McDONALD'S trademark. Upon seeing the MACCOFFEE mark affixed to goods closely linked to those of McDonald's, the relevant public would associate that mark with the 'Mc' family of marks, and thus Future Enterprises would benefit from the McDONALD'S trademark's "power of attraction, reputation and prestige". The CJEU confirmed the Board of Appeal's finding that use of MACCOFFEE could entail a transfer of the image of the McDONALD'S trademark, or of the characteristics which it projects, to the goods covered by the MACCOFFEE mark.

Summary

McDonald's now appear to have exclusive rights to the prefixes 'Mc' or 'Mac' in trademarks for foodstuffs and beverages. The case serves to remind brand owners and practitioners alike, that a successful claim for a "family" of marks must be supported with evidence of use of those marks. Had McDonald's failed on that point, would it now be enjoying its McNopoly?

Footnotes

1. Case T-194/03.
2. Case T409/07, *Cohausz v OHIM – Izquierdo Faces (acopat)*.

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