

## Checkmate for Louis Vuitton – Where Fashion meets Law

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Louis Vuitton Malletier, known as “*Louis Vuitton*”, has been a leading name in fashion for over a hundred of years. Standing the test of time, this luxury brand designs draw heavily on patterns that have become a hallmark of the company, such as the *Monogram Canvas* and *le Damier*.

Louis Vuitton launched the French luxury conglomerate Louis Vuitton in 1887. Even before the Monogram Canvas came into existence, Louis Vuitton and his son Georges Vuitton created the *le Damier* canvas design in 1888. Little did the father-son duo know, this canvas would make an everlasting success out of Louis Vuitton. Numerous Damier canvases have been released since then, including *Damier Azur*, *Damier Graphite* (to mark the canvas' 120th anniversary), the embossed leather of *Damier Infini*, and, more recently, the *Damier Adventure* and *Damier Challenge*.<sup>1</sup> The French luggage manufacturer launched the chequerboard pattern prints on their travel products in 1889.<sup>2</sup>

The brand has always had a keen interest in limiting counterfeits of its patterns due to its quality record, tradition, and global credibility.<sup>3</sup> Even with notoriety and a net profit of 14.8 billion euros in 2022, the Brand's claims for exclusive rights in the EU market for its staple checkerboard pattern canvases cannot always be an ensured win.<sup>4</sup>

This titan of the fashion industry was left to feel the colossal consequences of being checkmated in court time and time again by losing exclusive rights to its trademarks. Not only does this open the door for other brands to get their slice of the pie but also tarnishes the already built association of the trademark to the Louis Vuitton brand. As the General Court didn't find the *Damier Ebène* and *Damier Graphite* distinctive enough to register as a Community Trademark on 21 of April 2015<sup>5</sup>, Louis Vuitton though that it finally struck gold by adjusting its strategy while defending its trademark, *Damier Azur*.

This article presents an in-depth analysis of the Brand's tumultuous quest to gain exclusivity for one of its marks across the EU in the Case of “*Louis Vuitton Malletier v EUIPO – Wisniewski*”.

In November 2008, Louis Vuitton obtained a global trademark with the European Union Intellectual Property Office (EUIPO) for the *Damier Azur* checkerboard design used on high-end leather items. The *Damier Azur's* base is made of blue cloth with a checkerboard design printed in white ink. The international registration was acknowledged at the EUIPO and was protected as a European Union trademark<sup>6</sup>.

The trademark, recorded in Class 18 for luggage, bags and other similar products<sup>7</sup>, was ultimately challenged by Mr. Norbert Wisniewski on the 25<sup>th</sup> of June 2015, through an application for a declaration for invalidity with the EUIPO.

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<sup>1</sup> Louis Vuitton, A Damier Signature (Louis Vuitton, 02.2014), <https://eu.louisvuitton.com/eng-e1/articles/a-damier-signature> (last accessed on 30.05.2023).

<sup>2</sup> Luxury Vintage, The history of: Louis Vuitton Damier Ebene Canvas and Damier Azur Canvas (Luxury Vintage, 20.08.2021), available at <https://etoile-luxuryvintage.com/blogs/the-history-of/the-history-of-louis-vuitton-damier-ebene-and-azur> (last accessed on 11.05.2023).

<sup>3</sup> Luxonomy, History of Luxury: Louis Vuitton, the Most Iconic Brand (Luxonomy, 13.02.2023), available at <https://luxonomy.net/en/history-of-luxury-louis-vuitton-the-most-iconic-brand/> (last accessed on 03.03.2023).

<sup>4</sup> Statista, Net profit of the LVMH Group worldwide from 2017 to 2022 (Statista, 01.2023), <https://www.statista.com/statistics/245881/lvmh-net-profit-worldwide/> (last accessed on 30.05.2023).

<sup>5</sup> Judgment of the Court of 21 April 2015, *Louis Vuitton Malletier v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)*, T-359/12, EU:T:2015:215.

<sup>6</sup> Judgment of 10 June 2020, *Louis Vuitton Malletier v European Union Intellectual Property Office (EUIPO)*, T-105/19, EU:T:2020:258, para. 4.

<sup>7</sup> Novagraaf, Success for Louis Vuitton in pattern trademark dispute (Novagraaf, 16.07.2020), available at <https://www.novagraaf.com/en/insights/success-louis-vuitton-pattern-trademark-dispute> (last accessed on 03.03.2024).

To begin with, after the applicant of a trademark fulfills the formal criteria outlined in Article 31 of the Regulation 2017/1001 on the European Union trade mark of 14 June 2017 (EUTMR) the EUIPO will assess the eligibility of the registration pursuant Article 4 EUTMR and determine whether there are absolute grounds for refusal listed in Article 7 EUTMR.

Mr Wisniewski's challenge insisted that the fact the mark at hand was a basic and commonplace pattern that lacked a distinctive character is an absolute ground for refusal according to Article 59(1)(a) in conjunction with Article 7(1)(b), (c) and (e) EUTMR.<sup>8</sup>

What do these Articles talk about?

In December 2016, the Cancellation Division decided in favor of the applicant and granted the application for a declaration of invalidity pursuant to Article 7(1)(b) EUTMR<sup>9</sup>, an unquestionable blow to the brand having in mind that this is the third time a le Damier pattern trademark was lost on the similar bases. The Court elaborated, similarly as a year before in the 21 of April 2015 decision, that these trademarks are "*basic and banal*" as well as "*that the weft and warp structure of the contested trade mark did not constitute a substantial feature of that trade mark and did not give it a distinctive character.*"<sup>10</sup>

Since the outcome was undoubtedly not what the brand had hoped for, Louis Vuitton filed for appeal to the EUIPO on 3 February 2017, asking for the decision of the Cancellation Division to be overturned.

With the *contested decision* of 22 November 2018, the Second Board of Appeal of EUIPO also denied trade mark protection for the disputed checkerboard pattern, arguing that the contested mark is a commonplace pattern, which was assumed to be an established fact.<sup>11</sup>

Louis Vuitton therefore moved to have the General Court overturn the Board of Appeal's decision and reinstate its trademark by making two pleas in the application for appeal:

### **1. Claim of an error in the Board of Appeal's evaluation of the mark's inherent distinctiveness.**

The Board had used purported "well-known facts" to substantiate the applicant's claims for a declaration of invalidity. Established case law defines well-known facts as "*facts that are likely to be known by anyone or may be learnt from generally accessible sources.*"<sup>12</sup>

As the Board of Appeal essentially undertook a new evaluation of the inherent distinctive character of the mark in question on its own initiative, it allegedly broke the norms governing the burden of proof in invalidity cases.

According to the Board's decision in *Castel*:

*"In invalidity proceedings, as the registered Community trade mark is presumed to be valid, it is for the person who has filed the application for a declaration of invalidity to invoke before OHIM the specific facts which call the validity of that trade mark into question."*<sup>13</sup>

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<sup>8</sup> Judgment of 10 June 2020, *Louis Vuitton Malletier v European Union Intellectual Property Office (EUIPO)*, T-105/19, EU:T:2020:258, para. 5.

<sup>9</sup> *Ibid.* para. 6. See also Article 7(1)(b) EUTMR: trademarks which are devoid of any distinctive character shall not be registered.

<sup>10</sup> Judgment of the Court of 21 April 2015, *Louis Vuitton Malletier v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)*, T-359/12, EU:T:2015:215, para 10.

<sup>11</sup> *Ibid.* paras. 7-8.

<sup>12</sup> *Ibid.* para 30.

<sup>13</sup> Judgment of 13 September 2013, *Fürstlich Castell'sches Domänenamt Albrecht Fürst zu Castell-Castell v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)*, T-320/10, EU:T:2013:424, para. 28.

Thus, the applicant of the declaration of invalidity carries the burden of proof. Following article 95(1), the EUIPO reviews the facts in light of the factual claims submitted by the party, making the declaration of invalidity in accordance with Article 59(1) EUTMR and may take into account well-known facts while doing so.<sup>14</sup> It will, however, stop at the legal justifications offered by the applicant of the declaration of invalidity.<sup>15</sup>

In light of this, the General Court defended the Board's use of well-known facts when determining that the trademark lacked inherent distinctiveness, holding that doing so did not violate the rules on the burden of proof.<sup>16</sup> The presumption of validity does not prevent EUIPO from relying on both well-known facts established by EUIPO case law and arguments provided by the party contesting the validity of the mark in question.<sup>17</sup>

The Court then went on to analyze whether the fact that the mark, as a basic and commonplace pattern that did not deviate significantly from the norms or customs of the relevant industry, could be considered a well-known fact.<sup>18</sup>

When taking account of well-known facts, the EUIPO is not required to establish the accuracy of these facts, but the party can provide evidence in order to verify “the accuracy or inaccuracy of a matter of common knowledge.”<sup>19</sup>

The General Court sided with the facts elaborated in the Board’s decision, such as the fact that

- the “*chequerboard pattern is a basic and commonplace figurative pattern, since it is composed of a regular succession of squares of the same size which are differentiated by alternating different color, does not contain any notable variation in relation to the conventional representation of chequerboards.*”<sup>20</sup>
- And how “*...the weft and warp pattern that appears on the inside of each of the chequerboard squares correspond with the desired visual effect of interlacing two different fabrics, of whatever type they may be (wool, silk, leather, etc.), which is thus customary as regards goods such as those within Class 18.*”<sup>21</sup>

## **2. Claim of an error in the assessment of the distinctiveness obtained through use of the mark in question**

The General Court aligned with Louis Vuitton that the Board of Appeal made a mistake in assessing acquired distinctive character through use. A trademark acquires distinctive character when it implies lengthy use and when a lot of its customers start identifying it as a distinctive mark for the products

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<sup>14</sup> European Union Intellectual Property Office (EUIPO), Guidelines for Examination of European Union Trade Mark, Part D, Cancellation, available at <https://guidelines.euipo.europa.eu/binary/1935303/2006000000> (last accessed 03.03.2023), p. 1421.

<sup>15</sup> European Union Intellectual Property Office (EUIPO), Guidelines for Examination of European Union Trade Marks, Part D, Section 2, Substantive Provisions, available at <https://guidelines.euipo.europa.eu/binary/1935303/2006000000> (last accessed on 10.03.2023.) para.3.1.1.

<sup>16</sup> Judgment of 10 June 2020, *Louis Vuitton Malletier v European Union Intellectual Property Office (EUIPO)*, T 105/19, EU:T:2020:258, paras. 51-53.

<sup>17</sup> *R. Harvey*, General Court annuls EUIPO Board of Appeal decision on invalidity of Louis Vuitton chequerboard pattern (The IPKat, 21.06.2020), available at <https://ipkitten.blogspot.com/2020/06/general-court-annuls-euipo-board-of.html> (last accessed on 15.03.2023).

<sup>18</sup> Judgment of 10 June 2020, *Louis Vuitton Malletier v European Union Intellectual Property Office (EUIPO)*, T-105/19, EU:T:2020:258, paras. 20,63.

<sup>19</sup> *Ibid.* para 30.

<sup>20</sup> *Ibid.* para. 32.

<sup>21</sup> *Ibid.* para. 33.

of a company.<sup>22</sup> This distinctiveness can be an inherent or a factual one. The second comes into question when the trademark lacks inherent distinctiveness. A trademark is factually distinctive only if it can be demonstrated that the trademark is well-known and that consumers can tell products wearing the mark apart from those of other suppliers.<sup>23</sup>

As a result, 'acquired distinctiveness' necessitates that a certain percentage of the key stakeholders, i.e., consumers, recognize the *Damier Azur* pattern as coming from Louis Vuitton. Furthermore, following factors are considered when assessing whether a mark has acquired distinctive character:

- i. the trademark's market-share;
- ii. the mark's intensity, geographical reach, and long-standing use;
- iii. the invested capital in marketing the trademark;
- iv. The track record of successful enforcement of trademark rights, specifically the extent to which the mark was recognized by competent authorities, and;
- v. the notoriety of the trademark among potential customers.<sup>24</sup>

According to the CJEU decision in *Nestlé*<sup>25</sup>, an EU trademark must provide proof of acquired distinctiveness through use for the entire EU.<sup>26</sup> This evidence may be offered for any or all of the involved EU Member States, for a group of States, or for a specific Member State. According to case law, requiring proof of such attainment for every single Member State would be unreasonable.<sup>27</sup> Particularly, they could be regarded as a single group when several Member States are grouped together in a single distribution network or when a cross-border market is assumed to exist when there is proximity in terms of geography, culture, or language between two Member States for particular goods or services.<sup>28</sup>

The Board had divided the EU Member States into three groups in its decision. Louis Vuitton contended that the Board inaccurately limited its analysis to a narrow set of evidence pertaining to the Member States in the 3<sup>rd</sup> group consisting only of Member States in which the Applicant did not have places of business, excluding other evidence submitted.<sup>29</sup> The Board then concluded that the applicant had not demonstrated the required "distinctive character", both individually and collectively.

The General Court ruled that the Board of Appeal violated Article 59(2) EUTMR and did not fulfill the requirement to conduct an overall assessment of the evidence provided by excluding evidence for the other groups without further review.<sup>30</sup> Article 59(2) EUTMR serves as a legal remedy for not declaring

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<sup>22</sup> Mühlendahl, Alexander and others, *Distinctiveness Acquired Through Use*, Trade Mark Law in Europe (New York, 2016; online edn, Oxford Academic), available at <https://doi-org.uaccess.univie.ac.at/10.1093/oso/9780198726050.003.0006> (last accessed 03.03.2023), para. 270B.

<sup>23</sup> Inthupim Chokwaranun, *Trademark distinctiveness can be established through use* (Bangkok Post, 12.12.2014) available at <https://www.tilleke.com/wp-content/uploads/2014/12/2014-dec12-trademark-distinctiveness.pdf> (last accessed on 10.03.2023).

<sup>24</sup> Mühlendahl, Alexander and others, 'Distinctiveness Acquired Through Use', Trade Mark Law in Europe (New York, 2016; online edn, Oxford Academic), <https://doi-org.uaccess.univie.ac.at/10.1093/oso/9780198726050.003.0006>, (last accessed on 03.03.2023), paras. 6.02-6.03. see also Judgment of 29 September 2010, *CNH Global NV v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)*, T-378/07, EU:T:2010:413. para 20.

<sup>25</sup> Judgment of 10 June 2020, *Louis Vuitton Malletier v European Union Intellectual Property Office (EUIPO)*, T-105/19, EU:T:2020:258, para 69; see also Judgment of 25 July 2018, *Société des produits Nestlé and Others v Mondelez UK Holdings & Services*, C-84/17 P, C-85/17 P and C-95/17 P, EU:C:2018:596

<sup>26</sup> *Ibid.* paras. 79,80.

<sup>27</sup> *Ibid.* para. 67.

<sup>28</sup> Legal Patent, *Louis Vuitton Chequerboard Pattern Wins before European Court* (Legal Patent, 15.06.2020) <https://legal-patent.com/trademark-law/louis-vuitton-chequerboard-pattern-wins-european-court/> (last accessed on 25.02.2023).

<sup>29</sup> Judgment of 10 June 2020, *Louis Vuitton Malletier v European Union Intellectual Property Office (EUIPO)*, T-105/19, EU:T:2020:258, para. 75.

<sup>30</sup> *Ibid.* para. 95.

invalidity when an EU trade mark has been registered in violation of Article 7(1)(b) of that regulation. According to the article, trademarks devoid of any inherent distinctive character ought to be registered, when, as a result of the use made of it after registration, it has acquired a distinctive character.<sup>31</sup>

In likelihood, the General Court restated that it would be necessary for the evidence submitted to establish acquisition of distinctive character in all of the Member States of the EU where the mark was ab initio devoid of distinctive character.<sup>32</sup> It is nonetheless imperative that the evidence produced covers all parts of the EU.

Louis Vuitton reclaimed its Damier Azur trademark. However, the General Court only stated that the evidence was incorrectly assessed, not that Louis Vuitton proved acquired distinctiveness of the design.<sup>33</sup>

This success of Louis Vuitton was short-lived. The case was remitted to the EUIPO's Fifth Board of Appeal, where the applicant relied on Articles 59(2) and 7(3) EUTMR, claiming that the *Damier Azur* checkerboard had acquired distinctiveness through use. On 19 October 2022 the General Court issued a landmark decision.<sup>34</sup>

Contrary to the General Board's decision, the Court's ruling stated that the Applicant had not succeeded in "*demonstrating to the requisite legal standard that the contested mark has acquired distinctive character through its use in Estonia.*"<sup>35</sup> The court made a distinction between Estonia and the other Member States in question.

Louis Vuitton claimed that "*the analysis, in the contested decision, of distinctive character acquired through use of the contested mark is detached from reality, since it ignores the fact that, throughout the European Union, consumers engage in homogeneous behavior as regards luxury brands, particularly because they travel and use the internet regularly.*"<sup>36</sup>

Fashion brands frequently use the ploy of demonstrating how media coverage of the mark has allowed it to acquire distinctiveness in order to overcome the stringent onus of proof.<sup>37</sup> The Court however rejected these arguments for being "*too general...*"<sup>38</sup> on the basis that Louis Vuitton failed to present precise and "*substantiated evidence for that purpose.*"<sup>39</sup>

Making specific reference to printed media, the General Court also noted that, despite advertisements for goods bearing the *Damier Azur* pattern appearing in magazines, the volume of copies distributed in the Member States concerned was small, implying that the advertising campaigns did not reach a significant portion of the relevant public in the Member States.<sup>40</sup>

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<sup>31</sup> *Ibid.* para 59.

<sup>32</sup> A. Reynolds, Wave the Chequered Flag – Louis Vuitton given Partial Green Light in Trade Mark Appeal (Fieldfisher, Fieldfisher, 30.06.2020) available at <https://www.fieldfisher.com/en/services/intellectual-property/intellectual-property-blog/wave-the-chequered-flag--louis-vuitton-given-partial-green-light-in-trade-mark-appeal> (last accessed 10.03.2023).

<sup>33</sup> *Ibid.* para. 95; see also Elena Handtrack, When Louis Vuitton Goes to Court: What the Luxury Brand's Lawsuits Teach us About Brand Protection (Elena Makes Sense of Law, 15.12.2020) available at <https://www.elenamakesenseoflaw.com/post/when-louis-vuitton-goes-to-court-what-the-luxury-brand-s-lawsuits-teach-us-about-brand-protection> (last accessed 25.02.2023).

<sup>34</sup> Judgment of 19 October 2022, *Louis Vuitton Malletier v European Union Intellectual Property Office (EUIPO)*, T-275/21, EU:T:2022:654.

<sup>35</sup> *Ibid.* para. 128.

<sup>36</sup> *Ibid.* para. 135.

<sup>37</sup> E. Handtrack, When Louis Vuitton Goes to Court: What the Luxury Brand's Lawsuits Teach us About Brand Protection (Elena Makes Sense of Law, 15.12.2020) available at <https://www.elenamakesenseoflaw.com/post/when-louis-vuitton-goes-to-court-what-the-luxury-brand-s-lawsuits-teach-us-about-brand-protection> (last accessed 25.02.2023).

<sup>38</sup> Judgment of 19 October 2022, *Louis Vuitton Malletier v European Union Intellectual Property Office (EUIPO)*, T-275/21, EU:T:2022:654, para. 135

<sup>39</sup> *Ibid.*

<sup>40</sup> *Ibid.* para. 65-71.

The decision was unpalatable for the remaining Member States involved (Bulgaria, Latvia, Lithuania, Slovakia, and Slovenia). Louis Vuitton advanced a supplementary argument corroborated by the geographical and cultural proximity among some of the Member States, namely that:

- i. Latvia and Lithuania are geographically and culturally close to Poland and Sweden, and
- ii. Bulgaria, Slovakia, and Slovenia are geographically and culturally close to Romania.<sup>41</sup>

The Court also rejected this argument, stating that “*it had grouped those Member States in the same distribution network or that it had treated them, particularly from a marketing strategy standpoint, as if they constituted one and the same market.*”<sup>42</sup>

[Conclusion]

On one hand, this case shows that the cost of timeliness is a price to pay when it comes to registered trademarks, on the other hand, trademarks are not immune to challenge, such legal battles can last several years, like in the present case, when Louis Vuitton had to fight for 7 years in Court.

To add, this decision emphasizes the rigorous stance of the EU courts with regard to any and all evidence, particularly when showing a distinctive character acquired through use. This approach is also reflected in the weight placed on the geographical scope of evidence of distinctive character gained through use across the EU's territory.

This demonstrates the importance of striking a balance between protecting a brand's designs, which comprise a significant portion of its intangible commercial benefit, and blocking luxury brands from obtaining “*a legal monopoly*” over a trademark, which would confine competition and hurt the industry.<sup>43</sup>

It is difficult to imagine another brand demonstrating the required level of distinctiveness if Louis Vuitton has not been able to demonstrate acquired distinctiveness of its *Damier Azur* pattern.

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<sup>41</sup> *Ibid.* para. 136.

<sup>42</sup> *Ibid.* para. 137.

<sup>43</sup> A. Grima, Louis Vuitton's 7-year Long Battle To Protect Its Damier 'Chequerboard' Pattern Comes To An End (TheIndependent, 16.11.2022), available at <https://www.independent.com.mt/articles/2022-11-16/local-news/Law-report-Louis-Vuitton-s-7-year-battle-to-protect-its-Damier-chequerboard-pattern-ends-6736247526> (last accessed on 03.03.2023).