

THE CANNABIS CASE: TRADEMARK VALIDITY

A brief description of such a case follows: The registration of the “CANNABIS” Community trademark, obtained by Mr. G. Torresan on the 16th day of April 2003, was contested in the relevant administrative authority by the German company Klosterbrauerei Weissinhoe GmbH, that requested the cancellation of the trademark for products under international classes 32 (beers) and 33 (alcoholic beverages except beers, such as wines, liquors, spirits and champagne) claiming the descriptive nature of such a trademark. The Cancellation Division as well as the Second Board of Appeal of the OHIM, Office for Harmonization in the Internal Market (Trademarks and Designs) of the European Union, allowed the action by the German company, declaring the trademark registration invalid on March 9, 2005 and June 29, 2006, respectively. Mr. G. Torresan initiated an appeal against this decision before the Court of First Instance of the European Community.

The argument, almost solely, on which the decision was based for the cancellation of the registration of the CANNABIS trademark was its presumed descriptive nature, which occurs in the prohibition specified by Article 7(1)(c) of EC Regulation No 40/94: the descriptive term indeed refers to an ingredient of certain drinks, among which beer is included (cannabis, or *canapa*, is in fact an ingredient of beers).

Before initiating a more comprehensive examination of the main aspects of this controversy, it is opportune to analyze the notion of “descriptiveness”, by examining the cases in which a trademark can be defined as “descriptive” and therefore be considered invalid. The judgment contains a clear analysis of the concept of the “descriptive nature” of the trademark by defining the notion of such a concept and providing the practical application of it.

Article 7(1)(c) of EC Regulation No 40/94 indeed prohibits the registration of trademarks which may serve in trade to “designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service”. As affirmed by considerable jurisprudence, a peculiar characteristic of the sector of trademarks exists in the fact that an assessment of the descriptive nature of a trademark should not be made on the basis of the points of view or knowledge of the control body or the judicial authority, but rather according to the opinion of the average consumer of the referenced sector. In other words, the presumed perception and knowledge of the interested public with regard to the products or services for which the trademark is used should be considered (and not those of the big experts of the relevant field).

In this case, the Court should have first of all determined who could be considered as “an average consumer” of the products included in the trademark registration (that is to say, a consumer of beers, wines, liquors, spirits and champagne). Subsequently the Court should have verified whether for such a hypothetical consumer the trademark could be considered as descriptive, due to the presence of a sufficiently concrete and direct correlation between the meaning or message of the mark and one or more characteristics of the products sold under the mark (including, for example, their ingredients). It should also be noted that such appreciation of the relationship between the meaning/message of the mark and the goods covered by the registration should be conducted by taking into account only the knowledge and the understanding of the average consumer in that point in time, without further research or great imagination.

It is believed that, in this specific case, the Court had unfortunately only partially analyzed these two levels and therefore issued a disputable decision. In the judgment, it is precisely indicated that, contrary to the Plaintiff's affirmations, the average consumer of the referenced product is not someone who habitually uses drugs and/or narcotics (as the denominative element of the CANNABIS trademark might lead us to think) but rather a person that appreciates beers and other alcoholic drinks, or who normally uses these beverages and therefore is a reasonably informed person. At the same time, the judge seems not to have carried out a sufficiently meticulous analysis of the actual knowledge of this "average consumer" of alcoholic drinks.

The Court, after having indicated that there are three possible existing meanings of the term CANNABIS (as a textile plant, as a narcotic substance prohibited in numerous countries and as a substance for therapeutic use presently the object of scientific studies), focused only on the fact that *canapa* (or specifically the "cannabis") is an ingredient used in numerous foods such as pasta, bakery and confectionery products, tea, alcoholic beverages (including beers), non-alcoholic beverages, etc. According to this reasoning, the Court therefore accepted the arguments of the German company that maintained the invalidity of the CANNABIS trademark due to its descriptive character - in this specific case - of an ingredient of the products sold under the trademark in question.

In fact, although the Court correctly identified the average consumer of the sector in this case, it omitted the formulation of a fundamental question: Does the drinker of beer and other typical alcoholic beverages within the European market between the ages of 18 and 70 who frequents parties, bars and pubs, actually know that *canapa* (or cannabis) is one of the ingredients in beer? And if, besides this, we consider the fact that considerable jurisprudence stipulates that this knowledge should result in an automatic and immediate response, that is to say, requiring neither research nor investigation, then the answer cannot be other than negative.

The legal consequence is clear: if the average consumer of the sector does not know that the term CANNABIS describes one of the ingredients in beer, then the trademark indeed cannot be considered descriptive. And the fact that this information is known by the judicial authorities, or the OHIM's examiners, or by expert nutritionists worldwide, does not affect the validity of the trademark, since not one of these represents the public in question on which the validity of a trademark should be judged.

Instead, the only potential element of a descriptive nature could be that the average consumer of the product might be attracted by such a trademark hoping to experience the same hallucinogenic sensations from the beverage that he/she would obtain when consuming cannabis. This argument, only mentioned in the judgment in a brief and superficial way, is in reality much stronger and more plausible as opposed to the average consumer's supposed knowledge of the ingredients of alcoholic beverages. In other words, the trademark could be judged as "descriptive" and therefore invalid, if it could be proven that the average consumer would buy the referred beverages expecting to obtain hallucinogenic effects from them. In this case, the trademark would infringe upon Article 7(1)(c) of EC Regulation No 40/94 that prohibits the registration of trademarks that may serve in trade "to designate ... intended purpose" of the products or services included in the same trademark.

However, even in this particular case, the argument of the descriptive nature of the trademark could be rejected by demonstrating that in fact the beer "CANNABIS" does not have the equivalent effects of a drug or narcotic substance; and consequently, the trademark could be invalidated not because of

its descriptive nature, but because of its deceptiveness as it misleads the public that, expecting to experience hallucinogenic effects, could be disillusioned ... when not hallucinated.

In this case, the trademark registration could be invalidated not for violation of article 7(1)(c) of the EC Regulation No 40/94, but rather for breach of Article 7(1)(g) which prohibits the registration of trademarks that “are of such characteristics that they may deceive the target public, for instance regarding the nature, the quality or the geographical origin of the product or of the service.”

Indeed, in this particular case, it is obvious that the beer CANNABIS does not contain any illegal substances nor in illegal amounts. In this respect, it would be useful to remember that EC regulations stipulate in a precise and severe way the use of tetrahydrocannabinol (THC), an active compound of cannabis, providing that it must not exceed the maximum of 0.2 percent.

In fact, the plaintiff observed, to its defence, that the trademark CANNABIS was used in a way similar to the well-known trademarks OPIUM and COCA COLA as reminiscent of pleasure and relaxation in order to attract the consumer’s attention. If such an argument had been adequately presented and substantiated, then the case would have had a very different result. If, indeed, it had been proven that the average consumer of beer and alcoholic beverages neither buys the beer CANNABIS expecting to be drugged or hallucinated, nor knows the fact that cannabis is an ingredient of the beer, then the judge would not have been able to revoke the registration of the trademark either for violation of Paragraph (c) of Article 7(1) of EC Regulation No. 40/94 that prohibits the registration of descriptive trademarks, or for violation of Paragraph (g) of the same Article that prohibits the registration of deceptive trademarks.

It is surprising that the German company, interested in the revocation of the trademark, did not make reference to another legal argument foreseen by the same Article 7 of EC Regulation 40/94, specifically paragraph (1)(f) that sanctions the prohibition of trademarks that are contrary to public order or accepted principles of morality. Being an EU trademark, it would have been enough to prove that the term CANNABIS could be considered contrary to public order or accepted principles of morality, even in only one of the twenty-seven country members of the European Union, in order for the same trademark to be cancelled. This simple and logical reasoning would have provided the judge with a strong and decisive argument in order to prove the invalidity of the trademark CANNABIS, since for the average consumer in some European Union countries this is a synonym for illicit drugs. In view of the fact that cannabis, as many other drugs, is illegal in some countries of the Union (as contrary to public order or accepted principles of morality) then the trademark in question would have to be considered as contrary to public order or accepted principles of morality in those countries of the European Union and therefore cancelled on the basis of Article 7(1)(f) of EC Regulations 40/94.

In this regard, it is pertinent to remember two key factors for understanding correctly the legal reasoning behind the notion of “trademark contrary to public order or accepted principles of morality”. First of all, with such provision, legislators aim to ensure that the ethical and moral standards of each country in the world, and in this case in the member countries of the EU, are safeguarded and totally respected, without influences imposed from abroad. Only the authorities of a certain country can determine which signs can be used, or not, as trademarks within its own boundaries, considering possible opposition to internal moral canons. Secondly, the regulations refer only to the registration and use of signs as trademarks and do not concern the commercialization, advertising or sale of the products covered by such trademarks (which is therefore not covered by the trademarks legislation).

All this implies that no country would be able to use the legal argument of adversity to public order and/or accepted principles of morality in order to block or cancel the registration of a trademark -- for example, CLAUDIO (a fictitious name) for atomic bombs or heavy drugs -- while instead these regulations can be invoked in order to invalidate trademarks such as BAZOOKA or MARIJUANA to designate, for example, items of clothing. In other words, adversity to public order or accepted principles of morality does not depend on the unlawfulness of the products sold under the trademarks in question, but on the trademarks themselves.

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