Most European commentators have openly criticised the European Court of Justice (CJEU) for taking a rather generous, proprietor-orientated approach to the infringing uses that trade mark proprietors can currently prevent under Article 5(1)(a) of the Trade Marks Directive (TMD), and the equivalent provision of Article 9(1)(a) of the Community Trade Mark Regulation (CTMR). That provision is intended to reflect the Community's obligations under Article 16(1) of TRIPS, but its problematic drafting mandates 'absolute' protection in situations where the same registered marks is used for the same registered products/services. The CJEU’s approach relies heavily on the private interests of the proprietor as reflected in the market functions that modern marks have come to perform in order to determine whether or not the use in question might harm such interests and, if so, whether it should be permitted or prohibited. Arguably this 'functional' analysis expands significantly the scope of exclusive rights conferred upon the proprietor to the detriment of a number of legitimate uses of marks that consumers, competitors and others might want to make of those marks, ie search, communicate, comment, compare or provide additional information related to the proprietor's products or services. This apparent neglect of consumer and competitor interests is at the heart of the increasing number of preliminary references to the CJEU concerning online keyword advertising as well as national disputes involving online market operators such as eBay and Amazon. However, this Article will suggest that a much closer look and balanced analysis might reveal that the CJEU’s functional approach to protection in the face of increasingly new uses of marks in the digital environment in fact amounts to a limitation on exclusive rights. Properly conceived, the functional analysis does allow courts to incorporate other countervailing values and interests into its teleological approach to scope of exclusive rights. Although it is true that the text of the TMD or the CTMR does not support such functionalist treatment of exclusive rights, European law as currently drafted does not allow for more defences/limitations than those expressly recognised by the legislature under Article 6 TMD. Rather than being seen as an unjustified and excessive as most commentators claim, this Article will advocate a more measured view, namely that pursuant to the functional analysis Article 6 does not represent the only limitation on the rights conferred under Article 5 and the functionalist interpretation should (and can) be treated as an internal mechanism for limiting rather than extending those rights. Seen in this light, one can properly see the CJEU’s prominent role of curbing 'absolute' rights (as mandated by Art.5(1)(a) TMD) and carving out more limitations (which are narrowly defined by Art.6 TMD) on exclusive rights in favour of fostering the underlying purpose of trade mark law, ie the creation and maintenance of competitive markets. There is therefore an urgent need to re-examine the academic criticisms and shed more light upon the true lessons that one learns from the current state of the law, namely that it may be possible for a law to be motivated by a particular private interest but also to have regard for other interests and values (free speech, expressive uses, referential uses, etc.) in the way that is shaped and interpreted by the courts. This Article will thus advance the theoretical argument that on-line keyword advertising and similar disputes show that the interests of one party can be used as a metric to assess the proper scope of rights afforded another.

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