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Can a TM symbol mislead the public if no trademark has been registered?

Manon Rieger-Jansen (Bird & Bird) · Monday, July 24th, 2017

That is the question that was recently answered by the Board of Appeal of the Dutch Advertising Code Authority.

The [™] symbol stands for "trademark" and is traditionally used for unregistered trademarks in various jurisdictions such as the US. Conversely, the ® symbol is used to indicate a trademark has been registered. However, in the Netherlands neither sign has any legal meaning.

Use of the TM sign has been put forward as a strategy for companies that want to use a descriptive term as a trademark: simply put TM after your descriptive word of choice and after some time the term may have acquired sufficient distinctive character to be registered as a trademark. However, the question arises whether the TM symbol could perhaps mislead the public by making consumers think that the word in question has been registered as a trademark. In some jurisdictions that would even constitute a criminal offence. In the Netherlands there is some case law regarding the use of the TM symbol.

BodyscanTM: misleading!

In an earlier case, the District Court The Hague concluded that the use of "bodyscanTM" was indeed misleading. According to the Court, use of the symbol could suggest that the term "bodyscan" belonged exclusively to one party, despite the fact that "bodyscan" is descriptive and therefore cannot be registered. The Court also took into account that Dutch law does not grant protection to unregistered trademarks, and consumers would thus only think of registered rights upon seeing the TM symbol.

Versfilter TM: not misleading?

In the *Prescan v Privatescan* case (District Court The Hague 22 August 2012), Arla used the TM symbol following the word "Versfilter" (in English: "*fresh filter*"), a fairly descriptive term for a technical filtering procedure to make milk stay fresh for longer. Arla had not registered Versfilter as a trademark, but intended to let the term acquire distinctive character through use, in order to potentially register the word at a later stage.

Following a complaint, the Dutch Advertising Code Committee in the first instance assessed whether such use of the TM symbol could be misleading for the public. The Committee decided in line with the District Court The Hague that the TM symbol could influence the economic behaviour of the average consumer, and awarded the claim.

However, this decision was overturned by the Board of Appeal in CvB RCC 14 June 2017, no. 2016/00995. While agreeing with the first instance decision that the use of the TM symbol could influence the economic behaviour of consumers, the Board of Appeal doubted whether the average consumer would understand the meaning of the TM symbol. Given the descriptiveness of the word "Versfilter" the Committee considered that it would not be likely that the TM symbol would be seen as a reference to a trademark registration.

Rather consumers would see the TM sign as an indication that Arla's fresh filter production process is distinct from other milk producers'. According to the Committee, such use was not misleading as Arla is currently the only one in the Netherlands using microfiltration to keep milk fresh for longer.

Using TM or not?

Following the decision of the Board of Appeal of the Dutch Advertising Code Authority it could be concluded that the TM sign seems free to use, regardless of whether the preceding word is registered as a trademark or not. But is that really the case and would a civil court follow suit?

Although there are definitely arguments to be made in favour of allowing companies to let their brand acquire distinctive character by using the TM sign, one cannot help but raise an eyebrow at the Board of Appeal's reasoning.

Would the average consumer really not know that TM stands for trademark? And if so, how can the average consumer then be expected to know that a descriptive sign cannot be registered as a trademark? Let alone draw the conclusion that the word preceding the TM sign will not refer to a registered trademark, because it is descriptive? The Advertising Code Committee seems to simultaneously attribute both too much and too little knowledge to the average consumer.

In a nutshell, the TM symbol may be useful to let a descriptive word acquire distinctive character and register it as a trademark at a later stage. However, while the Board of Appeal may have given the go-ahead, there is still a risk that civil courts will find such use of the TM symbol misleading.

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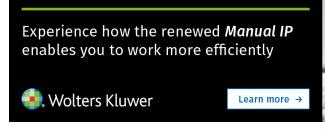
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This entry was posted on Monday, July 24th, 2017 at 3:34 pm and is filed under Case law, National law, The Netherlands

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