

# Ongoing Challenges for Fashion Brands in Germany – Legal Issues with Style Names Revisited

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Using first names as style names to assist consumers in distinguishing between certain items, styles or washes within a collection is a widespread practice in the fashion industry. Compared to numerical identifiers, names may trigger emotions and are much easier to remember. Style names may be used in manifold ways, e.g. on labels sewn in the inside of garments, hangtags and boxes or in advertising material such as catalogues and offers on the internet. What many companies do not realize is that the use of style names involves legal risks. Many names are already registered as trademarks, which may give rise to trademark conflicts.

Germany has become a popular venue for disputes involving style names in recent years. Only comparatively few claims are raised by actual competitors, though. Rather, there are trade mark owners trying to benefit from the peculiarities of German civil procedure and trade mark law by monitoring the market for possibly infringing style names in order to collect legal fees and damages. In many cases, such claimants will threaten to sue other companies in the distribution chain, including retailers, in order to put pressure on the fashion company to settle regardless of the merits.

In this blog post, we would like to raise awareness for the legal issues involved with style names in Germany and address ways how best to deal with them.

## Trade Mark Infringing Use or Mere Model Designation?

According to European case law, the owner of a trade mark may oppose the use of a sign identical with the trade mark for goods identical with those for which the trade mark is registered only if such use is liable to adversely affect one of the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.

Whether a style name is perceived by consumers as enabling them to distinguish that product from those of a different origin, rather than being used as a reference to differentiate between a fashion company's own styles, may give rise to considerable debate. In fact, many style names have over time become renowned brands – such as Gucci's "Jackie" or Mulberry's "Alexa". Correspondingly, the case law of the German instance courts on whether the use of a sign as a style name constitutes trade mark infringing use has not been uniform. As German law allows for forum shopping, trade mark owners would usually seek the assistance of the courts in Hamburg and Frankfurt, which

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regularly assumed that style names are understood by the relevant public as an indication of origin and thus as (secondary) trade marks.

Notably, cease and desist letters are often sent by companies which do not manufacture or supply clothing or accessories, or at the very least are not known for this, but rather hold trade marks and engage in enforcing their rights to collect attorney fees and damages. Such right holders will usually not let a party “off the hook,” unless it issues a formal cease and desist declaration (with a contractual penalty clause, as is common practice under German law) and makes a payment to settle the case amicably. To increase pressure, these claimants will threaten to interfere with the fashion company’s distribution system by sending warning letters and/or suing commercial customers.

## Guidelines by the German Federal Court of Justice

As at least some courts took an extremely right-holder-friendly approach, such cases were until recently hard to defend. Prospects of defense have improved, however, thanks to the judgments of the German Federal Court of Justice in “SAM”<sup>[1]</sup> and “MO”<sup>[2]</sup>.

In these decisions, the Federal Court of Justice clarified that the use of a distinctive and non-descriptive sign as a style name does not in itself allow the conclusion that the sign is used as a trade mark. The fact that the style name is perceived as an indication of origin must be positively determined every single time. On that basis, the Court established some general guidelines for assessing whether a style name is used as a trade mark in an individual case:

- **First names used by several manufacturers as style names or particularly common first names** – As followed from the Court’s previous case law<sup>[3]</sup>, such names may be understood by the public as mere model designations. It could not be concluded from this, however, that less common first names are always understood as an indication of origin.
- **Directly affixed to the product** – The public will typically see an indication of origin when a sign is directly affixed to the product, e.g. on a label sewn in the inside of the waistband or on a leather piece attached on the outside of the waistband.
- **Use on hangtags** – The printing of a style name on hangtags attached to the garment could also be understood as an indication of origin under the circumstances.
- **Use in sales offers, e.g. in catalogues or on the internet** – If the sign is used in a sales offer, e.g. in a catalog or on the internet, the offer as a whole and the character of the sign must be considered. If it can be assumed that the style name is well known, there is a strong argument in favor of using it as a trade mark, regardless of the further circumstances. Even if the style name is not known, use as a trade mark can be assumed, in particular if the style name is used in direct connection with the manufacturer’s or umbrella brand. In addition, an eye-catching emphasis speaks for use as a trade mark.

## Comments

As usual, the devil is in the detail. Whilst it is relatively clear that use of a style name on the product can often be assumed as trade mark use, recent decisions by the courts<sup>[4]</sup> illustrate that in advertising every single detail of the offer has to be taken into consideration. This includes the overall layout of the offer and the relationship of the sign in suit to the manufacturer’s or umbrella brand and further article designations such as price, size, product description and delivery modalities. Nevertheless, the guidelines developed by the German Federal Court of Justice open up considerable room for argument.

As far as preventive measures are concerned, for fashion companies using hundreds or even thousands of style names, worldwide trade mark clearance is not always an option in view of the considerable costs involved. As soon as it crystallizes that a style name may become important for the company's business, it is worth protecting it by trade mark registrations. In addition, compliance with a few simple rules when using style names based on the German Federal Court of Justice's guidelines can minimize the risk of objections significantly.

[1] BGH, judgment of 7 March 2019, case I ZR 195/17 – *SAM*.

[2] BGH, judgment of 11 April 2019, case I ZR 108/18 – *MO*.

[3] Cf. BGH, judgment of 19 December 1960, case I ZR 39/59 – *Tosca*; BGH, judgment of 20 March 1970, case I ZR 7/69 – *Felina-Britta*; BGH, judgment of 26 November 1987, case I ZR 123/85 – *Gaby*.

[4] See, for example, Frankfurt Court of Appeals, judgment of 13 August 2020, case 6 U 94/17 – *MO*; Frankfurt Court of Appeals, judgment of 1 October 2019, case 6 U 111/16 – *SAM*; Hamburg Court of Appeals, judgment of 28 November 2019, case 5 U 65/18 – *Rock Isha*; Hamburg Court of Appeals, judgment of 19 December 2019, case 3 U 191/18 – *MYMMO MINI*.

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