Annual Review of EU Trademark Law

2017 in Review

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I. INTRODUCTION

A. About this Review

This fifth Annual Review of European Union ("EU") cases continues to chart the development of trademark law under the two principal EU trademark law instruments, one being the regulation governing the European Union trademark and the other being the EU directive that regulates the national trademark laws of the EU Member States. A general introduction to the role of these two instruments is contained in the introduction to Annual Review of EU Trademark Law: 2013 in Review,¹ which also explains the particular role played by the EU General Court and the Court of Justice of the European Union ("CJEU").

Important cases featured in this Review include a number of CJEU decisions, including Hummel on jurisdiction, Merck on lis pendens, and Schweppes/Red Paralela on the exhaustion of rights.

The exhaustion of rights is a topic featured in several cases this year. There is also a number of cases—including several from the higher courts of EU Member States—on the subject of trademark applications made in bad faith. Other areas of concentration this year are acquired distinctiveness—with several cases illustrating the difficulty of establishing acquired distinctive character to the requisite standard—and non-use. The non-use cases include an important CJEU case that explores whether the use of a mark for a pure certification function could qualify as trademark use, with important implications for EU licensing practices.

As ever, a number of cases explore registrability issues in relation to non-traditional marks, especially color and shape marks, and marks whose character is somewhat indeterminate. Other reported cases on registrability include one from Austria relating to swear words, and one from the Benelux on the registrability of Rembrandt’s painting The Night Watch. There are also several cases involving opposition/cancellation actions based on earlier unregistered rights, including a fascinating case based on rights asserted in the name of a country.

B. Legislative Change and Terminology

Due to recent legislative changes, there is now some difficulty in making simple, appropriate references to the relevant provisions of the regulation governing the EU trademark and the directive governing national trademark laws. This is partly because the rulings reported in this Review are often based on the provisions of earlier iterations of these instruments. It is also because, although

a new 2015 Directive is already in force, the 2008 Directive that it replaces is only repealed with effect from January 2019.

There is now a new codified version of the EU trademark regulation, incorporating all recent changes to the law relating to the EU trademark: Regulation (EU) 2017/1001 of the European Parliament and of the Council of June 14, 2017, on the European Union trademark. This codified form incorporates amendments to the law under an Amending Regulation that came into force on March 23, 2016. Certain parts of the new law came into force only on October 1, 2017. These most recent (2017) changes included, principally: the dropping of the requirement for a graphical representation of the trademark to be included in the application; the introduction of a registration system for certification marks at an EU-wide level; and certain procedural changes.

In this Review, the EU trademark regulation in its new codified form is referred to as “the 2017 EUTM Regulation,” whereas references to the “2009 EUTM Regulation” are references to the Regulation in force prior to the March 2016 amendments.

As for the directive governing the national laws of EU Member States, Directive 2008/95/EC of October 22, 2009 has been amended and recast as Directive (EU) 2015/2436 of December 16, 2015. This new directive entered into force in early 2016 and repeals the 2008 TM Directive as of January 15, 2019. EU Member States are required to bring their national trademark laws into line with the requirements of the 2015 directive by January 14, 2019. Until then, however, the relevant national laws are liable to reflect the provisions of the earlier directive, which is referred to in this Review as the “2008 TM Directive.”

As in previous editions of this Review, several of its Parts contain, in an introductory section, extracts of the most relevant provisions of the regulation and the directive. Given that the 2017 EUTM Regulation is now fully implemented, the extracts given at the beginning of each Part in this year’s Review are taken from the 2017 EUTM Regulation. However, regarding the directive, the texts given at the beginning of each chapter continue to reflect the 2008 provisions. Notes have been added to explain the most significant legislative changes, where appropriate.

C. Organization of Material in this Review

This is a case law review, not an attempt to provide a general overview of EU trademark law. However, the material has been organized by subject matter (rather than by jurisdiction or date

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2 From October 1, 2017, the mark may be represented in any appropriate form, using generally available technology, so long as the representation is clear, precise, self-contained, easily accessible, intelligible, durable, and objective.
order) and, for each subject, a short introductory comment has been provided to put the cases into context.

Within each part of the Review, cases are grouped broadly by reference to their specific subject matter. Each individual case note is introduced by an indication of whether the ruling is that of an EU central court or one of the national courts, and an indication of the status of the court concerned.

II. “SIGNS” CAPABLE OF REGISTRATION

A. Introductory Comments

Concerning the registrability of a mark under EU trademark law, before any questions as to distinctiveness or descriptiveness are considered, a more fundamental issue must be addressed: is the item that is being presented for registration something “of which a trademark may consist” within EU law norms? If not, valid registration is impossible.

The provisions that govern the position are Articles 4 and 7 (1)(a) of the 2017 EUTM Regulation and Articles 2 and 3(1)(a) of the 2008 TM Directive. This is an area affected by the recent legislative changes, as noted in part B (Legal Texts) below.

Both of the two cases covered in this Part relate to color combination marks. One is an EU General Court decision, the other a ruling of the English Court of Appeal. Both, however, relate to EUTMs. Both were decided by reference to the 2009 EUTM Regulation but would likely have been decided in the same way under the 2017 EUTM Regulation, despite the legislative changes just mentioned.

B. Legal Texts

Article 4 of the 2017 EUTM Regulation

An EU trademark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colors, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:

(a) distinguishing the goods or services of one undertaking from those of other undertakings; and

(b) being represented on the Register of European Union trademarks (“the Register”), in a manner which enables the competent authorities and the public to determine the clear and precise subject-matter of the protection afforded to its proprietor.
Article 7(1)(a) of the 2017 EUTM Regulation

1. The following shall not be registered:
   (a) signs which do not conform to the requirements of Article 4;

   (. . .)

Article 2 of the 2008 TM Directive

A trademark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

Article 3(1)(a) of the 2008 TM Directive

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:
   (a) signs which cannot constitute a trademark; (. . .)

   [Note: Paragraph (b) of Article 4 of the 2017 EUTM Regulation is new, and replaces the requirement in Article 4 of the old EUTM Regulation that the sign should be “capable of being represented graphically.” Also new to Article 4 are the express references to colors and sounds, although this does not change the substance of the law. The possibility of registering EUTMs without a graphical representation (e.g., by providing a sound file for a sound mark) became a possibility on October 1, 2017. (Similar modifications have been made in the 2015 TM Directive, where the relevant provisions appear in Articles 3 and 4(1)(a). However, these will not become effective in laws of EU Member States until, by the deadline, the Member States adopt the new provisions into their laws. For example, at the time of writing the United Kingdom Intellectual Property Office still requires a graphical representation pursuant to Section 1(1) of the UK’s Trade Marks Act 1994.)]
C. Cases

1. EU —EU General Court—May a color combination be validly registered by presenting the colors in two equal blocks of color?


In the case of each registration, the color combination was shown like this:

![Color combination example](image)

In the case of the earlier of the two registrations, for which application was made in January 2002, Red Bull had submitted the following description: “Protection is claimed for the colors blue (RAL 5002) and silver (RAL 9006). The ratio of the colors is approximately 50%–50%.” The mark was registered in 2005 on the basis of acquired distinctiveness.

The second of Red Bull’s color mark applications was filed in October 2010. Like the earlier application, it was filed in Class 32 in relation to “Energy drinks.” No description of the mark was provided on filing. The examiner requested that Red Bull specify in what proportion the colors would be applied, and how they would appear.

On the basis of information then supplied in response to this request, and evidence of use filed by Red Bull, the second registration was issued, again on the basis of acquired distinctiveness, with an indication that the colors were blue.

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(Pantone 2747C) and silver (Pantone 877C), and with the following description: “The two colors will be applied in equal proportion and juxtaposed to each other.”

Invalidity actions were brought against the registration by the intervener, Optimum Mark. Both registrations were held to be invalid, and these decisions were upheld by the EUIPO Board of Appeal in decisions of December 2, 2014. The Board of Appeal held the registrations to be contrary to Article 7(1)(a) of the 2009 EUTM Regulation in conjunction with Article 4 of that Regulation.

Article 7(1)(a) provides that signs which do not conform to the requirements of Article 4 should not be registered as EU trademarks. Article 4 provides that an EUTM may consist of any signs capable of being represented graphically⁴ that are capable of distinguishing the goods or services of one undertaking from those of another.

On Appeal to the EU General Court, supported by the association Marques, Red Bull argued that the Board of Appeal had misapplied Article 4 (in its 2009 form). The key issue was whether or not the registrations should be regarded as invalid because they failed to provide for a specific spatial arrangement of the blue/silver color combination.

It was argued for Red Bull that it was enough, to meet the requirements of Article 4, that a color combination mark be shown graphically and for the colors to be identified by one of the recognized color identification codes. The rule that “what you see is what you get” would then operate to identify the protected mark sufficiently.

The General Court rejected this proposition. According to the General Court, citing the CJEU in *Heidelberger Bauchemie*,⁵ “the mere juxtaposition of two or more colors, without shape or contours, or a reference to two or more colors in every conceivable form, does not exhibit the qualities of precision and uniformity required by Article 4.”⁶ Marks presented for registration in such ways would allow numerous different combinations in practice. This “would not permit the consumer to perceive and recall a particular combination, thereby enabling him to repeat with certainty the experience of a purchase, any more than they would allow the competent authorities and economic operators to know the scope of the protection afforded to the proprietor of the trademark.”⁷

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⁴ As noted above, the requirement for graphic representation has been removed with effect from October 1, 2017, but requirements of clarity and precision remain, and are made explicit, under the 2017 EUTM Regulation.
⁷ *Id.*
In the present case, the graphic representation of the marks in combination with the description indicated the colors and the ratio in which they would respectively appear, but did not associate the two colors in a pre-determined and uniform way.

The appellants argued that the Heidelberger Bauchemie case had no application to a mark of the kind at issue here; that the ruling in that case applies only to a mere arbitrary and unspecified combination of colors, not a juxtaposition of colors, as here. According to the appellants’ argument, a juxtaposition of two colors with an appropriate indication of their relationship in percentage terms would carry the necessary precision and clarity.

Marques argued, similarly, that the Heidelberger Bauchemie case applied only to (a) marks composed of a mere combination of colors without shape or contour; and (b) color combinations stated to be “in every conceivable form.”

The General Court dismissed these arguments as a misreading of the Heidelberger Bauchemie ruling, holding:

It is clear that, in order to determine precisely the subject matter of the protection afforded by an EU trademark consisting of a combination of colors per se, those colors must be represented in accordance with a specific arrangement or layout, associating the colors in a predetermined and uniform way, in order to prevent numerous different combinations of those colors which would not permit the consumer to perceive and recall a particular combination, as the Court stated in paragraph 35 of the judgment of 24 June 2004, Heidelberger Bauchemie (C-49/02, EU:C:2004:384).

That condition is consistent, first, with the need for the mark to be able to fulfil its function as an indication of origin by being perceivable and recognizable by consumers when applied to products, given that colors are normally a simple property of things and are generally used for their attractive or decorative powers, without conveying any meaning; second, with the requirement of legal certainty, in the sense that it allows the competent authorities and economic operators to know with clarity and precision the nature of the signs of which a mark consists and the rights of third parties; and, third, with the requirement that the availability of colors should not be unduly restricted in business practices by the creation of monopolies for a single undertaking.8

In the present case, held the General Court, the Board of Appeal had been right to find that the graphic representation of the contested marks consisted of a mere juxtaposition of the colors

8 Id. paras. 55-56.
without shape or contours, allowing several different combinations of the colors. And neither of the descriptions provided served to specify a predetermined and uniform manner of presentation. Simply specifying the proportions in which the colors would appear is sufficient. “The arrangement of two colors may fail to be predetermined or uniform not only because of the different proportions of those colors but also because of the different spatial position of those colors in the same proportions.”

Marques suggested that the vertical juxtaposition of the two color blocks shown in the graphic representation served to delimit the association of the colors. The General Court rejected this. The appellant’s own evidence, filed in support of the claim to the acquired distinctiveness of the contested marks, showed a very different arrangement of the blocks of color than that shown in the graphic representation of the mark. It was clear that Red Bull was seeking protection that would cover different arrangements of the colors, not just the arrangements actually shown in this representation.

Various supporting arguments were rejected, and the appeal dismissed.

2. United Kingdom (UK)—Court of Appeal of England & Wales—What is the impact of ambiguity or conflict between the pictorial representation and the verbal description of a trademark?

A case between pharmaceutical companies Glaxo Wellcome UK Limited and Sandoz Limited led to three rulings of the English Court of Appeal during 2017. The case concerns the use of a purple color combination for inhalers. Glaxo Wellcome has alleged that Sandoz’s use of the color for the AirFluSal product shown here, a generic version of Glaxo’s SERETIDE brand product, constitutes trademark infringement and passing-off.

Sandoz has defended its position by, inter alia, alleging that Glaxo’s EUTM for a combination of purple colors is invalid. In the Court of Appeal ruling selected for inclusion here, the appeal court

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9 Id. para. 64.
rejected Glaxo’s appeal against the 2016 invalidity ruling of the English High Court, reported in last year’s EU Annual Review.\(^\text{10}\) The Court of Appeal, in Glaxo Wellcome UK Ltd (t/a Allen & Hanburys) and Another v. Sandoz Ltd, also refused to refer the matter to the CJEU for guidance, considering the legal principles to be clear.\(^\text{11}\)

The contested EUTM on which Glaxo relied is, importantly, a mark consisting of color per se. It contains the pictorial representation shown here:

It also contains this description of the mark: “The trademark consists of the color dark purple (Pantone code 2587C) applied to a significant proportion of an inhaler, and the color light purple (Pantone code 2567C) applied to the remainder of the inhaler.” The case revolved around the apparent tension between the pictorial representation of the mark and the verbal description.

The invalidity claim alleged that the subject matter of the EUTM is not clear or precise, and is not such as would be perceived unambiguously and uniformly. It was therefore alleged to contravene Article 4 of the 2009 EUTM Regulation.

Article 4 of the 2009 EUTM Regulation (which, as previously noted, has been replaced as of October 1, 2017, to remove the requirement for graphic representation, but not the requirement for clarity and precision) stipulates that, to form the subject matter of a valid EUTM, a sign must be capable of being represented graphically. Case law has established that the graphic representation of a mark must be clear, precise, self-contained, easily accessible, intelligible, durable and objective (Sieckmann v. Deutsches Patent-und Markenamt\(^\text{12}\)). Precisely what this means regarding color marks has been explained in a number of important CJEU cases, including, in particular, Libertel\(^\text{13}\) relating to a single

\(^\text{11}\) Glaxo Wellcome UK Ltd (t/a Allen & Hanburys) and Another v. Sandoz Ltd, [2017] EWCA Civ 335 (May 10, 2017).
\(^\text{12}\) Case C-273/00, [2003] Ch 487 (CJEU).
color mark, and *Heidelberger Bauchemie GmbH*\(^{14}\) relating to the registrability of a blue/yellow combination. These cases, together with UK authorities, were cited by the Court of Appeal. As observed in the preceding case note, on the *Red Bull* case, the 2004 *Heidelberger Bauchemie* case had established that color combination marks could, in principle, be registered in the EU provided, inter alia, the registration provided for a systematic arrangement associating the colors in a predetermined and uniform way.

Regarding the particular EUTM at issue in the present case, the pictorial representation showed an inhaler bearing the two purple colors in a specific arrangement, but it was unclear how the mark would be perceived overall when one considered also the verbal description given of the mark, which was couched in more abstract terms. The English High Court had decided that no precedence ought to be given either to the pictorial form or the verbal description, and that it ought rather to form the best overall view it could by reference to both the picture and the words. On doing so, the High Court had determined that there were three alternative ways of perceiving the trademark, two of which were themselves imprecise. One of these alternatives was derived from Glaxo’s own pleadings in parallel proceedings elsewhere in the EU, in which Glaxo had put forward abstract iterations showing how the spatial arrangement of the colors could look if applied to inhalers of a shape different from that of the particular inhaler shown in the pictorial representation.

On appeal, Glaxo argued, among other things, that there was, in fact, only one proper way of understanding what the registration represented: it represented, quite simply, the dark and light purple colors as specified in the written description applied in the particular proportions and arrangement shown in the pictorial representation. Glaxo argued that the pictorial representation was of primary importance, and cited wording that had appeared in EUIPO Guidelines until it was replaced in 2008: “Where a combination of colors per se is applied for, the graphic representation as filed will determine the mark, including the proportion and position of the various colors, which must be clear from the representation (‘WYSIWYG’ what you see is what you get).”\(^{15}\)

The English Court of Appeal, however, rejected the argument that the pictorial representation of a color mark should be given precedence and considered to define the mark. Applying *Libertel* and *Heidelberger*, the Court of Appeal held that the “graphical representation” should be taken to include both the pictorial

\(^{14}\) Case C-49/02, [2004] ECR I-6219.

\(^{15}\) 2006 OHIM Guidelines, para. 8.6.4.
representation and the verbal description, and that both are important; they must be considered as a whole.

The Court of Appeal therefore approached the interpretation of the EUTMs subject matter in a similar way to the High Court and, like the High Court, found it open to multiple interpretations. The problem, it found, with Glaxo’s proposed unitary interpretation is that it was not consistent with what anyone consulting the register would understand as having been claimed.

In this regard, the starting point was the particular nature of trademark that had been claimed: it was a color per se mark, not a figurative or shape mark in the form illustrated in the picture and colored in the way shown. The question would arise: how would the claimed colors be applied when it came to an inhaler of a different shape? The verbal description of the mark was in general terms; it did not indicate that the colors should be applied to the particular shape and in the particular manner shown in the pictorial representation. The words indicated that the mark consisted of colors per se and could be applied to an inhaler of any shape. It would not be clear what that would look like in the case of, for example, a more basic boot-shaped inhaler.

The Court of Appeal concluded that the public would be left entirely uncertain what the trademark consisted of. Of the various possible interpretations, the best was probably the view that the picture was simply an illustration of one form that the mark might take. However, this was not necessarily the right way of looking at it. Moreover, even if it were right to perceive it in that way, this would leave open a range of alternatives as to how the mark would appear in practice. This problem, which was shared also by another of the possible alternative interpretations of the trademark, compounded the difficulty already caused by the existence of the different interpretations. The mark lacked the clarity, intelligibility, precision, specificity, and accessibility required by Article 4.

III. SPECIFICATION OF GOODS AND SERVICES

A. Introductory Comments

The three cases covered in this Part relate to the interpretation of EUTM goods and services specifications. The first two are decisions of the CJEU, each concerning, at least in part, continuing issues connected with the CJEU’s 2012 ruling in IP Translator on “class heading” specifications. The third is a ruling of the EU General Court, dealing with the question of retail services provided at the level of a shopping arcade or shopping center.

The decisions were given on the basis of the 2009 EUTM Regulation and derive from case law rather than from any specific provisions of that Regulation. However, new provisions introduced into the EUTM Regulation and found in its 2017 restatement deal with related subject matter and have therefore been provided below for interest and future reference.

**B. Legal Texts**

*Article 33 of the 2017 EUTM Regulation*

1. Goods and services in respect of which trade mark registration is applied for shall be classified in conformity with the system of classification established by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957 (“the Nice Classification”).

2. The goods and services for which the protection of the trade mark is sought shall be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that sole basis, to determine the extent of the protection sought.

3. For the purposes of paragraph 2, the general indications included in the class headings of the Nice Classification or other general terms may be used, provided that they comply with the requisite standards of clarity and precision set out in this Article.

4. The Office shall reject an application in respect of indications or terms which are unclear or imprecise, where the applicant does not suggest an acceptable wording within a period set by the Office to that effect.

5. The use of general terms, including the general indications of the class headings of the Nice Classification, shall be interpreted as including all the goods or services clearly covered by the literal meaning of the indication or term. The use of such terms or indications shall not be interpreted as comprising a claim to goods or services which cannot be so understood.

6. Where the applicant requests registration for more than one class, the applicant shall group the goods and services according to the classes of the Nice Classification, each group being preceded by the number of the class to which that group of goods or services belongs, and shall present them in the order of the classes.
7. Goods and services shall not be regarded as being similar to each other on the ground that they appear in the same class under the Nice Classification. Goods and services shall not be regarded as being dissimilar from each other on the ground that they appear in different classes under the Nice Classification.

8. Proprietors of EU trade marks applied for before 22 June 2012 which are registered in respect of the entire heading of a Nice class may declare that their intention on the date of filing had been to seek protection in respect of goods or services beyond those covered by the literal meaning of the heading of that class, provided that the goods or services so designated are included in the alphabetical list for that class in the edition of the Nice Classification in force at the date of filing.

The declaration shall be filed at the Office by 24 September 2016, and shall indicate, in a clear, precise and specific manner, the goods and services, other than those clearly covered by the literal meaning of the indications of the class heading, originally covered by the proprietor's intention. The Office shall take appropriate measures to amend the Register accordingly. The possibility to make a declaration in accordance with the first subparagraph of this paragraph shall be without prejudice to the application of Article 18, Article 47(2), Article 58(1)(a), and Article 64(2).

EU trade marks for which no declaration is filed within the period referred to in the second subparagraph shall be deemed to extend, as from the expiry of that period, only to goods or services clearly covered by the literal meaning of the indications included in the heading of the relevant class.

9. Where the register is amended, the exclusive rights conferred by the EU trade mark under Article 9 shall not prevent a third party from continuing to use a trade mark in relation to goods or services where and to the extent that the use of the trade mark for those goods or services:

(a) commenced before the register was amended; and
(b) did not infringe the proprietor’s rights based on the literal meaning of the record of the goods and services in the register at that time.

In addition, the amendment of the list of goods or services recorded in the register shall not give the proprietor of the EU trade mark the right to oppose or to apply for a
declaration of invalidity of a later trade mark where and
to the extent that:

(a) the later trade mark was either in use, or an
application had been made to register the trade mark,
for goods or services before the register was amended; and

(b) the use of the trade mark in relation to those goods or
services did not infringe, or would not have infringed,
the proprietor’s rights based on the literal meaning of
the record of the goods and services in the register at
that time.

C. Cases

1. EU—CJEU—Does the ruling of the CJEU in IP
Translator on “class heading” specifications have
retroactive effect?

The ruling of the CJEU in Case C-577/14 on February 16, 2017,
is the first of two decisions given in 2017 that touch on the
retrospective impact of IP Translator and other CJEU rulings
relating to the specification of goods and services. The name of this
first case is Brandconcern BV v. EUIPO, Scooters India Ltd.18

The case concerns a non-use revocation claim against the EUTM
LAMBRETTA, which was registered in 2002, having been applied
for on February 7, 2000. The mark was registered, inter alia, for
“vehicles, apparatus for locomotion by land, air or water.” It will be
noted that this specification corresponds to the Class 12 class
heading.

The non-use claim succeeded in respect of Class 12, and that
result was upheld by the EUIPO Board of Appeal. The evidence of
use filed by the trademark owner related to the sale of spare parts
for scooters, but not for vehicles as such.

However, on further appeal to the EU General Court, the
decision in relation to Class 12 was annulled. According to the
General Court, the reference to “vehicles; apparatus for locomotion
by land, air and water” in the Class 12 specification was, because it
corresponded with the Class 12 class heading, to be regarded as
covering all of the goods listed in the alphabetical list in Class 12 of
the Nice Agreement. Accordingly, the Board of Appeal should
determine whether or not, and to what extent, the LAMBRETTA
mark had been the subject of genuine use in respect of spare parts
appearing in that list —and then determine to what extent this
might save the mark from cancellation in Class 12.

17 Id.
18 Brandconcern BV v. EUIPO, Scooters India Ltd. (ECLI:EU:C:2017:122).
The background to this was, briefly, as follows: First, in 2003, the EUIPO had issued a communication in which it said that the use of a class heading in the specification of an EUTM would be taken to be a claim to all of the goods or services in that class. Then, on June 19, 2012, the CJEU had ruled in Chartered Institute of Patent Attorneys v. Registrar of Trademarks (the *IP Translator* case). In this case, which has been featured previously in the Annual Review of EU Trademark Law,\(^\text{19}\) the CJEU held that, for reasons of clarity and precision, a trademark applicant who uses class headings to specify its goods or services must specify whether or not it intends to cover all of the goods or services included in the alphabetical list corresponding to the relevant class(es).

Immediately following the *IP Translator* decision, on June 20, 2012, the EUIPO issued a new communication that repealed its earlier, 2003, communication and said that it would regard all existing EUTM registrations that use class headings as being intended to cover all of the goods and services falling within the alphabetical list for the class concerned. The decision of the EU General Court was in line with the 2012 communication.

On appeal to the CJEU, the revocation applicant, Brandconcern, argued that the General Court had erred in its approach, because it ought to have applied the requirements of the *IP Translator* case to the trademark at issue regardless of the fact that it was registered a decade prior to the *IP Translator* decision. According to the revocation applicant, the *IP Translator* decision had the consequence that a “class heading” application could not be regarded as covering all of the goods or services of the relevant class (or the corresponding alphabetical list) unless the applicant made a declaration to that effect—and none had been made in the case of the LAMBRETTA trademark. The cancellation applicant argued for a retroactive application of the *IP Translator* decision on the principle that a judgment delivered pursuant to Article 267 of the Treaty on the Functioning of the European Union (“TFEU”)\(^\text{20}\) produces its effects retroactively.

However, the CJEU ruled that, in its earlier *IP Translator* decision, the CJEU had been concerned only with the position of applicants for trademarks, and not the proprietors of trademarks that had already been registered. It had limited itself to specifying the requirements to which new trademark applicants should be subject. It could not be held that the *IP Translator* ruling had sought


\(^{20}\) Article 267 of the TFEU establishes the jurisdiction of the CJEU to give preliminary rulings.
to question the approach set out in the EUIPO’s 2003 communication. Moreover, the approach that the EU General Court had adopted in the present case was supported by the amendments recently made to the EUTM Regulation, which allowed a transitional period for proprietors of older EU ‘class heading’ trademarks (those filed prior to June 22, 2012) to declare to the EUIPO that their intention had been to seek protection going beyond the literal meaning of the heading of the class, and to specify the additional goods or services—covered in the relevant alphabetical list—to which they intended their trademark to apply. Failing such a declaration, made by September 24, 2016, the protection would be taken to cover only goods and services within the literal meaning of the class heading wording used. (See now Article 33(8) of the 2017 EUTM Regulation, above.)

The IP Translator decision, therefore, did not have retroactive effect. On the other hand, the result of the legislative changes just made is that older “class heading” trademark specifications like the LAMBRETTA mark at issue in the present case will be given a literal meaning unless their owners filed a declaration in due time to cover goods or services from the alphabetical list that would not be covered by the class heading.

2. EU—CJEU—Is it correct to say that EUTMs that had already been registered at the date of delivery of the IP Translator decision, and that cover the Class 35 heading, are to be taken to cover retail services, even if no express reference is made to them?

Eight months after its ruling in the Brandconcern (LAMBRETTA) case covered in the preceding case note, the CJEU ruled, on October 11, 2017, in another specification-related case that drew heavily on the LAMBRETTA decision, EUIPO v. Cactus SA, Isabel Del Rio Rodriguez.21 The General Court decision in this case was covered previously in the Annual Review.22

The case involved an opposition based on EUTMs protecting the word mark CACTUS and a figurative form of it. The registrations dated from 2001 and 2002. Both marks were registered in Class 35, among other classes. The specifications of the marks in Class 35 were of the “class heading” kind—that is, they recited the wording of the class heading from the Nice Classification and did not refer to retail services.

In the opposition and the appeals that followed, the question arose whether, notwithstanding the absence of any express

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reference to retail services, retail services were nevertheless covered by the EUTMs. The EU General Court had concluded that they were.

On further appeal to the CJEU, resulting in the ruling discussed here, the EUIPO contended that the General Court’s decision on this point was in error, having misinterpreted the CJEU’s earlier rulings in two cases—IP Translator23 and Praktiker Bau- und Heimwerkermärkte,24 which is the CJEU’s key ruling on the registrability of retail services.

Prior to the IP Translator ruling, the EUIPO’s practice had been to consider “class heading” specifications as covering all of the goods and services within the class in question. However, noted the EUIPO in its submissions, it was apparent from the CJEU’s ruling in IP Translator that a class heading-type claim could, at most, be regarded as a claim to all of the goods and services listed in the alphabetical list of goods and services published by WIPO in respect of that class. Such lists do not contain reference to all of the goods and services actually falling within the class in question. In particular, for purposes of the present case, it was noted that “retail services” (whether described as such, or in any other formulation) are not featured in the alphabetic list for Class 35.

Thus, submitted the EUIPO, according to the IP Translator decision, the “class heading” Class 35 specifications of the opponent’s marks ought not to be considered to cover retail services.

Moreover, the EUIPO submitted, the General Court’s ruling that the trademark specifications covered retail services also conflicted with the ruling in Praktiker. According to that ruling, “retail services” could not be specified in abstract terms; they were required to be specified by reference to the nature of the goods being offered for retail sale. The General Court had, according to these submissions, been wrong to conclude that the Praktiker decision had no retroactive effect—since case law was required to be applied retroactively except in exceptional circumstances.

The CJEU disagreed. It cited its ruling in Brandconcern25 (noted above) to dispose of the argument that IP Translator should be given retroactive effect. IP Translator did not concern trademarks that were already registered on the date of that judgment (June 19, 2012) and that ruling had not questioned the validity of the approach previously adopted by the EUIPO (according to which, “class heading” marks were considered to cover everything falling within the relevant class) in respect of such existing registrations.

The EUIPO contended that Brandconcern did not support the proposition that existing class heading registrations offered protection going beyond the alphabetical list for the class concerned. The CJEU held, however, that Brandconcern had not been addressing the distinction between entire class coverage and alphabetical list coverage and could not be interpreted to limit the scope of registration of earlier trademarks to the goods/services appearing in the relevant alphabetical list.

In the CJEU’s judgment in the present case, the General Court had been correct to find that the authority derived from IP Translator did not apply to the trademarks relied on in the present case.

The CJEU went on to find that, similarly, the “line of authority derived from the Praktiker Bau judgment concerns only applications for registration as EU trademarks and does not concern the scope of protection of trademarks registered at the date of that judgment’s delivery.” This was in accordance with the principles of legal certainty and protection of legitimate expectations.

The CJEU thus confirmed that the General Court had been correct to rule that the CACTUS marks relied on covered retail services.

3. EU—EU General Court—May a mark validly be registered in respect of the services provided by shopping arcades or shopping centers that bring together a range of stores selling a variety of goods, for the benefit of consumers?

The General Court case of Tulliallan Burlington Ltd v. EUIPO is an important case for shopping center brand owners. The General Court’s decision was given on December 6, 2017.

The case concerns an opposition brought by the owner of certain BURLINGTON and BURLINGTON ARCADE trademarks against an EUTM application by Burlington Fashion GmbH to register the word mark BURLINGTON for soaps, cosmetics and perfumes in Class 3, jewelry, and watches in Class 14, leather goods in Class 18, and clothing, footwear, and headgear in Class 25.

The opponent is the owner of the Burlington Arcade, located off Piccadilly in central London. It is a small shopping arcade well-known for luxury goods. The opponent’s marks were not registered in respect of goods, but they had coverage for services in (inter alia) Classes 35 and 36. The services covered in these classes included the rental and leasing of shops, management of real estate, and general advertising and promotional services. They also included, in

Class 35, “. . .bringing together, for the benefit of others, a variety of goods, enabling customers to conveniently view and purchase those goods from [a range of] general merchandise retail stores.”

The opposition failed. Although the marks were similar, the goods and services were held to be dissimilar. And although the opponent’s marks were held to enjoy a reputation for the purposes of the opponent’s submissions under Article 8(5), the EUIPO Board of Appeal considered that the reputation that they enjoyed did not extend to the Class 35 “bringing together” services mentioned above.

The opponent appealed to the EU General Court, arguing that the Board of Appeal had not understood its “bringing together” services. The EU General Court agreed with the opponent in this regard, but the opponent’s challenge nevertheless failed for a number of reasons, including the lack of precision of the description of the services concerned.

The “bringing together” wording is one of two ways in which a retail service can be defined for the purposes of an EU trademark application in Class 35. Either one says “bringing together . . . a variety of goods” or says “retail services connected with . . . a variety of goods.” The leading case in the field is the CJEU’s decision in Praktiker.28 Praktiker establishes that it is possible to obtain a retail services registration, using one or the other of these formulations, provided that the goods for which the retail service is offered are specified with precision.

In the present BURLINGTON ARCADE case, the EUIPO argued essentially that, although trademarks used in relation to retail services provided by shops are capable of protection in this way, this is not the case for the consumer-facing services of shopping arcades or shopping centers. The General Court, however, held that shopping arcades and shopping centers are not excluded by definition from the concept of (protectable) retail services. The General Court went on to hold that the Praktiker decision precludes EUIPO’s argument that shopping arcade services are essentially limited to rental and real estate management services and that, consequently, the customers to which those services are addressed are principally those persons interested in occupying the shops or offices in that arcade. The concept of “a variety of services”, as mentioned in [para 34 of Praktiker] must also include the services organized by a shopping arcade in order to retain all the attractiveness and practical advantages of such a place of commerce.29

Picking up on the wording used by the opponent in its Class 35 “bringing together” service description, the General Court held that,

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“the aim is to enable the customers interested by the various goods “to conveniently view and purchase [them] from a range of . . . stores” and thereby to increase the number of customers visiting that location interested in purchasing those goods, rather than, as noted by the Court of Justice in [Praktiker], see those goods purchased from “another competitor” not having its sales outlet in the shopping arcade in question.”30

The result is therefore that the services provided by a shopping center in the way that it addresses the shoppers who choose to visit the center are confirmed to be a type of service for which a Class 35 registration may in principle be obtained. However, in a later part of its appeal decision, relating to Article 8(1)(b) of the 2009 EUTM Regulation (dealing with the opponent’s submissions on likelihood of confusion, for which the opponent needed to establish a similarity of goods/services) the General Court indicated that the precise formulation of the Class 35 specifications that the opponent had used were deficient. In this context the opponent was arguing that the Class 35 “bringing together” services noted above should be regarded as similar to the applicant’s Class 3, 14, 18, and 25 product. Admittedly, the opponent’s Class 35 specification did not specify the kinds of goods that the retailers in its shopping arcade would be selling. However, the opponent argued that the Praktiker requirement that a retail services description should specify the goods ought not apply to shopping arcade services, as opposed to the retail services provided by a shop.

The General Court ruled to the contrary. It held, first, that the absence in the trademark specification of any precise statement of the goods which might be sold in the various shops precluded any association between the shops, on the one hand, and the goods of the applicant’s mark. In the absence of such a specification, ruled the court, no similarity or complementarity between the goods specified in the opposed application and the services of the mark relied on could be established.

The General Court went on to hold, “the applicant’s argument that, for shopping arcade services, it is not necessary to specify the goods concerned must also be rejected, in view of the fact that . . . the concept of retail service . . . also includes a shopping arcade’s services in relation to sales.”31 In other words, to obtain an effective shopping center trademark registration covering consumer-facing services, it is necessary to specify the goods that the center’s stores will sell—just as it is for an individual retail store’s trademarks.

Finally the General Court ruled that the mere overlap in the groups of end customers—all of whom might be consumers of luxury goods—would not be sufficient to prove a likelihood of confusion in

30 Id.
31 Id. para. 72.
the absence of any specification of the goods that may be sold in the arcade units.

IV. ABSOLUTE GROUNDS FOR REFUSAL OF REGISTRATION, AND FOR CANCELLATION

A. Introductory Comments

This Part IV considers cases involving the refusal of trademark registration on the basis of the inherent characteristics of the mark. Grounds for refusal of registration on this basis (which could also support a later claim to invalidation of a mark registered in violation of them) are among those known to EU law as “absolute grounds.” This Part IV also covers relevant invalidation cases.

The absolute grounds for refusal relating to EU trademarks are found in Article 7(1) of the 2017 EUTM Regulation. The absolute grounds for the refusal of trademark applications that must be applied by the national trademark authorities of EU Member States under the 2008 TM Directive are set out in Article 3(1) of the 2008 TM Directive. (Article 3(2) of the 2008 TM Directive then goes on to make provision for additional absolute grounds for refusal, which EU Member States are free to build into their laws if they wish.)

The first four absolute grounds for refusal of registration are (putting it loosely): that the mark is not a sign capable of protection under Article 4 of the 2017 EUTM Regulation or Article 2 of the 2008 TM Directive) (see Part I above); that the mark is not distinctive; that the mark is descriptive; and that the mark is generic. The grounds for refusal relating to descriptiveness, lack of distinctiveness and even genericness can, in principle, be overcome by evidence that the trademark has acquired distinctiveness through the use made of it prior to the relevant date.

Article 7(1) of the 2017 EUTM Regulation and Article 3(1) of the 2008 TM Directive go on to provide certain specific absolute grounds for refusal relating to shape marks, marks that would be contrary to public policy, marks that would be deceptive, marks that raise issues under Article 6ter of the Paris Convention, and (in the case of the 2017 EUTM Regulation) marks that contain certain geographical indications or designations of origin protected in the EU.

Additionally, Article 7(1) of the 2017 EUTM Regulation now also provides (unlike its predecessor) for absolute grounds of refusal by reference to traditional terms for wine, to traditional specialities guaranteed (TSGs), and to plant variety rights. (Similar provisions are contained in the 2015 TM Directive, where the absolute grounds for refusal are contained in Article 4. The new provisions are set out in Article 4(1)(i) to 4(1)(l) of the 2015 TM Directive.)
The first group of cases selected for comment—all from either the EU General Court or the German higher courts—fall within the core area of descriptiveness and/or lack of distinctiveness and cover a variety of different types of mark. The case which follows, from the CJEU, deals with the question of whether, and to what extent, objections of this kind may be applied in a uniform fashion to the entirety of an EUTM despite the fact that it covers a wide range of products and services. Then there are interesting cases from the Netherlands and the Austrian Supreme Court on, respectively, the registrability of a Rembrandt painting and the registrability of a swear word. The final five cases—three from the English Courts, two from the EU General Court—deal with the difficulties of establishing to the court’s satisfaction that a mark has acquired a distinctive character through use.

The legal texts provided in Section B below include only the most relevant of the absolute grounds for refusal.

### B. Legal Texts

**Article 7 of the 2017 EUTM Regulation**

Absolute grounds for refusal

1. The following shall not be registered:
   - (a) signs which do not conform to the requirements of Article 4; [See above.]
   - (b) trademarks which are devoid of any distinctive character;
   - (c) trademarks which consist exclusively of signs or indications 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;
   - (d) trademarks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practises of the trade;
   - (e) signs which consist exclusively of:
     - (i) the shape, or another characteristic, which results from the nature of the goods themselves;
     - (ii) the shape, or another characteristic, of goods which is necessary to obtain a technical result;
     - (iii) the shape, or another characteristic, which gives substantial value to the goods;
   - (f) trademarks which are contrary to public policy or to accepted principles of morality;
(g) trademarks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;

[Note: Paragraphs (h) to (m) omitted.]

2. Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Union.

3. Paragraph 1(b), (c) and (d) shall not apply if the trademark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.

**Article 3 of the 2008 TM Directive**

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:
   (a) signs which cannot constitute a trademark;
   (b) trademarks which are devoid of any distinctive character;
   (c) trademarks which consist exclusively of signs or indications 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 services;
   (d) trademarks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practises of the trade;
   (e) signs which consist exclusively of:
       (i) the shape which results from the nature of the goods themselves;
       (ii) the shape of goods which is necessary to obtain a technical result;
       (iii) the shape which gives substantial value to the goods;
   (f) trademarks which are contrary to public policy or to accepted principles of morality;
   (g) trademarks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;

[Note: Paragraph (h) omitted.]

( . . . )
3. A trademark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

(. . .)

The reference to “another characteristic” in each of subparagraph (i)–(iii) of Article 7(1)(e) of the 2017 EUTM Regulation is new. Previously, these absolute grounds for refusal applied only (or, at least, applied expressly only32) by reference to the shape of goods resulting from their nature, function, or value added. A similar change has been introduced into the 2015 TM Directive, in which the relevant provision is Article 4(1)(e).

C. Cases

1. EU—EU General Court—Can a commonplace descriptive/laudatory term be registered as an EUTM on the basis that it has a merely abstract quality when used on its own?

In Hanso Holding AS v. EUIPO,33 the General Court upheld the finding that the “REAL” device shown below should be rejected for registration as an EUTM in relation to a range of basic foods, prepared food products, and grains and natural produce in Classes 29, 30, and 31. Its decision was given on November 30, 2017.

![REAL](image)

The General Court found that “...the word element ‘real’ of the trademark applied for, meaning ‘not artificial or simulated, genuine’, directly and immediately informs the relevant public that the goods at issue, which are foodstuffs and foods mainly intended for human consumption, are solely composed of the product and do not contain any artificial additives or supplements or have not been

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prepared or treated in any way. Therefore, . . .the trademark applied for is not merely laudatory, but immediately descriptive of a characteristic of the goods at issue, in so far as it conveys the clear and unequivocal idea that since the goods applied for are mainly goods intended for human consumption, they are genuine, authentic and not artificial.”

In contrast to the BEST decision of the Brussels Court of Appeal in 2016 (holding “BEST” to be registrable on the basis that, taken alone, the term “best” had no qualitative comparative nature and that, in fact, “best” never is used alone), the Court held it to be immaterial that the word “real” is used, in the trademark applied for, without any additional element.

The Court considered the mark to be equally descriptive for artificial products as for natural products since, in the court’s view, the goods would be perceived to offer “a genuine substitute.”

2. EU—EU General Court—How should the distinctiveness of a color mark be assessed where the colors are presented in a particular spatial arrangement that does not itself form part of the mark?

Enercon GmbH v. EUIPO is a General Court decision concerning EUTM cancellation proceedings that have been featured in the past in the Annual Review. The General Court gave its judgment on May 3, 2017.

The trademark concerned is shown here:

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The application was filed in Class 7 in respect of wind energy converters, and parts for them. The application form identified the mark as a color mark.

A first decision of the EUIPO Board of Appeal had upheld an appeal by Enercon, the trademark owner, against a cancellation claim based on several grounds under Article 7(1) of the 2009 EUTM Regulation. The Board of Appeal, in that first decision, had regarded the contested mark as a figurative sign consisting of a two-dimension shape made up of colors, rather than a color mark per se.

Subsequently, the EU General Court, in a 2013 decision, had rejected that approach, insisting that the mark should be considered solely in terms of the identification provided for it by the applicant—that is, as a color mark. An appeal by the trademark owner to the CJEU had failed on technical grounds.

The cancellation action therefore returned to the Board of Appeal, which, in a decision of October 2015, held the mark to lack distinctive character—and thus to be liable to cancellation on Article 7(1)(b) grounds if it could not be saved by evidence of acquired distinctiveness under Article 7(3).

The trademark owner appealed the finding under Article 7(1)(b) to the EU General Court, and it is this second decision of the General Court, in May 2017, that is the subject of the present case note. This time, the Board of Appeal had examined the distinctiveness of the mark in light of the fact that it was claimed as a color mark, and the General Court rejected submissions by the trademark owner that this approach had been too narrow, holding:

If the General Court were required to examine the distinctiveness of a mark for which registration has been sought, not only in the light of the category chosen by the applicant in its application, but also in the light of all other potentially relevant categories, the applicant’s obligation to indicate the category of mark for which registration is sought and the impossibility pursuant to Article 43(2) of [the 2009 EUTM Regulation] of subsequently amending that category would be deprived of any practical effect (order of January 21, 2016, Enercon v OHIM, C-170/15 P, not published, EU:C:2016:53, paragraph 29).37

Viewed purely as a color mark, the upright trapezoidal shape shown in the EUTM registration is not in itself part of the subject matter of the desired protection. The shape depicted does not set contours to the colors shown, but merely serves to show how they would be applied to the goods. “The protection [sought to be provided by the contested EUTM] is thus for a specific

The General Court agreed with the Board of Appeal’s finding that the green color of the mark would be perceived as a reference to the ecological or environmentally friendly nature of the wind turbines, or as an aesthetic message, allowing the turbines to blend more easily into surrounding vegetation.

The General Court distinguished the graduated greens used in the mark under consideration here from the effect that would be created by the use of five different colors, noting that the arrangement of the different shades of green would help the turbine blend in better with the environment, and that the use of white in addition to the green “does not affect that conclusion in any way, given the neutrality of that color.”

The General Court concluded that buyers of wind turbines—being a specialist and high-cost capital purchase—would not identify the trade origin of the product by reference to its decoration or external presentation.

The matter has been appealed again to the CJEU.

3. EU—EU General Court—Can the inclusion of a verbal element appearing on the pictorial representation of a shape mark, the other characteristics of which are purely functional, save it from being refused registration as an EUTM?

The decision on June 27, 2017, of the EU General Court in Flamagas, SA v. EUIPO—MatMind (CLIPPER) relates to “absolute grounds” objections to an EUTM comprising a three-dimensional mark of which the pictorial representations showed not only the shape but also the brand name of the product in question.

The EUTM in question is shown here:

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38 Id. para. 40.
The EUTM was filed as a three-dimensional mark, and no reference was made in the application to the significance of the verbal element “CLIPPER,” shown near the top of the upper-right-hand drawing. Registration was obtained in Class 4, for compressed fuel gas; in Class 34, for lighters for smokers; and Class 35 for, among other things, advertising and agency services relating to smokers’ lighters.

A successful invalidation claim was brought against the registration. Among the grounds on which the invalidity application succeeded were those under Article 7(1)(e)(ii) of the 2009 EUTM Regulation (corresponding, as amended, to Article 7(1)(e)(ii) of the 2017 EUTM Regulation) relating to shape marks, and Article 7(1)(b) of the 2009 EUTM Regulation (Article 7(1)(b) of the 2017 Regulation) relating to marks lacking distinctive character. These grounds were explored on appeal to the EU General Court.

The EU General Court upheld the finding of invalidity under Article 7(1)(e)(ii) in relation to Classes 4 and 34—applying it without particular comment to the Class 4 lighter fuel as well as the Class 34 lighter itself. The Article 7(1)(e)(ii) ground applies where the mark in question consists exclusively of the shape of the goods (or, now, under the 2017 EUTM Regulation, any other characteristic of the goods) that is necessary to obtain a technical result. As may be seen from the pictorial representations above, the mark in this case is in the shape of a cigarette lighter.

In examining an Article 9(1)(e)(ii) objection, the EUIPO is required, first, to determine the essential characteristics of the mark. Having done that, it must determine whether all of these

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41 The new position refers to “shape, or another characteristic.”
characteristics perform a technical function. The ground for objection does not apply where it is determined that non-functional aspects of the mark play an important role (*Lego Juris v. OHIM*).

In the present case, the EUIPO Board of Appeal had identified seven characteristics of the mark at issue, including (for example) the mark’s generally straight, longish, cylindrical shape, and the fact that it has a button to control the gas valve. The trademark owner argued that the list of characteristics assessed by the Board of Appeal was materially incomplete, in that it should have included the verbal element “clipper,” which the trademark owner contended to be an essential characteristic of the shape that performs an aesthetic function. It argued that, had this element been taken into consideration, the mark could not have been found to be exclusively composed of a functional shape.

The General Court, however, disagreed. It noted that the application form for the EUTM had contained no description of the mark; the applicant had simply ticked the box for a “three-dimensional mark.” Nothing had been done in the application to indicate that the verbal element was an important feature to which the mark had to extend.

Case law establishes, held the General Court, citing *Gamesa Eólica v. OHIM—Enercon* that the applicant makes a choice as to the scope of protection he will receive when he decides the type of trademark for which he will seek registration. The EUIPO cannot disregard that choice. Moreover, Article 4 of the 2009 EUTM Regulation requires clarity, so that those who consult the EUIPO register can appreciate with certainty the scope of protection enjoyed by individual registrations. Accordingly, held the General Court,

> [g]iven that, in its application for registration, the applicant stated that the predominant and essential element of the mark at issue is its shape and that it did not emphasise clearly the importance of the small-size word element ‘clipper’ for the registration of the mark at issue, it is appropriate, particularly in the light of Article 4 of [the 2009 EUTM Regulation] to take the view that the essential characteristics of the mark at issue must be limited to the elements constituting the shape itself, that is to say, the elements that are themselves three-dimensional or which define the outline of the three-dimensional shape.

42 *Case C-48/09P (Grand Ch., Sept. 14, 2010) (EU:C:2010:516).*
43 *Case T-245/12 (GC, Nov. 12, 2013) (EU:T:2013:588) (Blended shapes of green).*
44 *See Part II above. Article 4 requires clarity and lack of ambiguity.*
The General Court went on to hold that, even if the importance of the verbal element “CLIPPER” had been stressed in the application form, it could still not have been regarded as an essential characteristic of the mark at issue. It was simply too small, did not stand out, and would not be very visible to consumers. The General Court noted that the EUIPO Examination Guidelines require examiners to consider whether labels appearing on three-dimensional marks might confer distinctive character on them. However, to have that effect, “Such elements must stand out and immediately attract the consumer’s attention, without any particular attention or effort being required on the consumer’s part.”46 This, the General Court considered, was not the case here.

A separate attempt on the trademark owner’s part to establish that certain features of the lighter shape were non-functional also failed, partly by reference to utility model protection which the trademark owner had also obtained for the shape, and which was closely examined.

The Article 7(1)(b) objection to the trademark—lack of distinctive character—was examined only in respect of the trademark owner’s marketing and business-related services in Class 35. The General Court held on this:

the Board of Appeal was right to conclude that the shape element of the mark at issue contained no element other than the ordinary appearance of a lighter, with the exception of the word element “clipper”, with the result that a professional consumer of the services related to the lighters covered by the mark at issue would not perceive the specific origin of such services, but only a reference to the subject matter of the services covered by the mark at issue or to the field of activities of which those services form part.47

4. Germany—German Federal Patent Court—What considerations are relevant to the registrability of geographic terms in Germany?

In three 2017 decisions, the German Federal Patent Court ruled on the question of whether or not a certain geographical name could qualify for registration as trademark. In the decision of March 9, 2017,48 it disqualified the term “Auerbach” from registration as trademark for computer programs and IT services. In the decision of April 25, 2017,49 it disqualified the term “Machu Picchu” from

46 Id., para. 39.
48 Case No. 25 W (pat) 41/15.
49 Case No. 25 W (pat) 7/15.
registration as a trademark for games, games machines, and organization of games. However, in another decision of April 25, 2017,\textsuperscript{50} it accepted the term “Auma” for registration for control devices in Classes 7 and 9.

- **Auerbach**—realistic possibility that relevant business establishments may be opened at the place concerned

In the *Auerbach* decision, the German Federal Patent Court found that the term “Auerbach” corresponded to the name of a number of small towns in Germany. It reasoned that the possible requirement to keep the term applied for free for general use had to be assessed on a case-by-case basis. In this regard, it would have to be kept in mind that the capacity of the geographical term to serve as an indication of geographical origin could follow not only from the existence of relevant business establishments, namely IT product and service providers, at the place concerned, but also from a realistic possibility that such business establishments may be opened there in the future. To assess this, the importance of the place concerned for the relevant business, the infrastructure, the geography, the existence of required basic components or raw materials, and transportation connections have to be considered.

The court considered it to be irrelevant that “Auerbach” was also the name of the applicant.

With its approach in this case, the German Federal Patent Court differed from the practice of the EU General Court insofar as it examined the possibility that the relevant business establishments might be opened at the place concerned from an objective point of view. By contrast, the EU General Court’s approach would take account of the perspective that the relevant public (i.e., purchasers of the goods or services concerned) would have of the city, region, or place named in the mark. The General Court would also examine whether the relevant public would associate the city, region, or place concerned with the products, or whether this could at least be expected for the future. Had this practice been followed by the German Court, the refusal of protection would have required further examination and justification.

- **“Machu Picchu”**—Historic Site

In the *Machu Picchu* case, the German Federal Patent Court confirmed that “Machu Picchu” should not be registered for computer games, but this was for very particular reasons.

The court found that the name of the ancient city of the Incas was generally known among the relevant public. However, the mere fact that “Machu Picchu” is a well-known and important tourist

\textsuperscript{50} Case No. 28 W (pat) 26/15.
attraction, and a UN World Cultural Heritage site, did not in itself exclude the distinctiveness of the term in relation to games, for which the trademark had been filed. In this regard the court referred to the decision of the German Federal Supreme Court in the Neuschwanstein case,\(^{51}\) in which it was held in an invalidation proceeding that the German trademark NEUSCHWANSTEIN lacked distinctiveness, at least for those goods that are typical souvenirs, whereas the EU General Court found in an invalidation proceeding regarding the corresponding EU trademark that NEUSCHWANSTEIN did not lack distinctiveness for such goods (decision of July 5, 2016, Case No. T-167/15).\(^{52}\)

Further, the Court did not consider the term “Machu Picchu” to be barred from registration as a geographical indication under Sec. 8 (2) Nr. 2 German TMA (which corresponds to Art. 3(1)(b) of the 2008 TM Directive and to Art. 7(1)(c) of the 2009 EUTM Regulation), which reads:

\[
(2) \text{The following trade marks shall be excluded from registration} \\
1. . . . ,
2. which consist exclusively of signs or indications which may serve, in the course of trade, to designate the nature, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the services or to designate other characteristics of the goods or services.}
\]

This was because the historic site is no longer suitable to serve as a place for production due to its difficult accessibility.

However, the Court considered it relevant that there were various games on the market dealing with historic cities and cultures, and which bear the name of the city or culture. It therefore considered that the term would be perceived as a mere description of the game’s content.

- **“Auma”—name of mere district of a small town**

In the Auma case, the German Federal Patent Court found that the term “Auma” corresponds to a district of the German town Auma-Weidatal. The entire town of Auma-Weidatal has a population of just 3,400 inhabitants, and Auma is only a part of this town. The Court therefore considered “Auma” to be unknown to the relevant public as it is unusual to use the name of a mere district, instead the name of the town, if the geographical origin of a product is to be indicated.

\(^{51}\) Case No. I ZB 13/11 (German Federal Supreme Court, March 3, 2012).

\(^{52}\) See, for comments, Martin Viefhues, *Commentary: United in Discord Disregarding National Decisions in the EU*, 106 TMR 997 (2016).
Further, the Court considered it relevant that the goods concerned—control devices—are very specialist products of high technical complexity, for which the term “Auma” did not appear to be appropriate to indicate a geographic origin.

5. Germany—German Federal Supreme Court and German Federal Patent Court—What approach are the German courts taking toward the registrability of shape marks?

In 2017, the German Federal Supreme Court and the German Federal Patent Court rendered several decisions on the protection of 3D trademarks in the food and beverage sector. Four 2017 decisions are covered together, here, because they make for interesting comparison.

In a decision of April 6, 2017, Case No. I ZB 39/16, the German Federal Supreme Court overruled a decision of the Federal Patent Court by which the shape of a chocolate stick had been disqualified from protection as a trademark.

In two decisions of October 18, 2017, Case Nos. I ZB 105/16 and I ZB 106/16, the German Federal Supreme Court overruled two decisions of the Federal Patent Court by which the shapes of a chocolate packaging had been disqualified from protection as a trademark.

In two further decisions of October 18, 2017, Case Nos. I ZB 3/17 and I ZB 4/17, the German Federal Supreme Court overruled two decisions of the Federal Patent Court by which the shapes of a dextrose bar had been disqualified from protection as a trademark.

In a decision of November 17, 2017, Case No. 25 W(pat) 112/14, the German Federal Patent Court disqualified the shape of a coffee capsules from protection as a trademark.

- Chocolate stick

In the first case, the shape of a chocolate stick (as shown below) had initially been protected for “cocoa, chocolate, chocolate products” by way of an International Registration, but had become

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53 Case No. I ZB 39/16 (German Federal Supreme Court, Apr. 6, 2017).
54 Case Nos. I ZB 105/16 and I ZB 106/16 (German Federal Supreme Court, Oct. 18, 2017).
55 Case Nos. I ZB 3/17 and I ZB 4/17 (German Federal Supreme Court, Oct. 18, 2017).
56 Case No. 25 W(pat) 112/14 (German Federal Patent Court, Nov. 17, 2017).
subject of a proceeding for the invalidation of the protection of the International Registration concerned in Germany. While the German PTO rejected the application for invalidation, the German Federal Patent Court declared the trademark invalid to the extent that it covered “chocolate and chocolate products.” While the Federal Patent Court had admitted that there was no identical product on the market it had held that there is a huge variety of product shapes on the chocolate market so that a shape could function as an indication of origin only if it was outstanding in very particular way. It further held that the chocolate stick in question did not show such particular characteristics as all its characteristics, namely

- the thin long basic shape,
- the “O” shaped cross-section,
- the wave shape and
- the knobbly surface effect,

were known from other products.

The German Federal Supreme Court overruled this decision, holding that the requirement of a particular shape (as an absolute criterion) was too strict. Instead, a substantial difference from usual shapes (as a relative criterion) should be sufficient. While arbitrary shapes that differ from the other shapes are sufficient to make a shape distinctive, mere variations of common shapes are non-distinctive and disqualified from trademark protection. The fact that there is no identical or almost identical product on the market is an indication that the shape is distinctive. Further, the Patent Court should not have assessed the characteristics of the shape one by one, but should have considered the overall impression given by the shape. It was therefore not sufficient to state that all characteristics were, each on their own, already existing as the overall impression differed from the shapes of the products cited as reference products.

The German Federal Supreme Court further held it to be irrelevant that almost 2.5 million boxes of a competitive product with an almost identical shape had been sold prior to the application for extension of the IR mark to Germany. The mere number of products sold did not allow any conclusion to be drawn as to whether or not the shape was customary in the chocolate business without interrelating them with the market share, the turnover figures and the geographical and temporal extent of the distribution. A short, geographically limited distribution of the product via a few distributors—as in the case of the almost-identical product under consideration in the present case—would not establish the necessary influence on the general public perception without further supporting facts.
The matter was referred back to the Federal Patent Court for further consideration.

- **Chocolate bar**

In the second case, the square packaging of the "Ritter-Sport" chocolate bar, shown here, had been registered for "chocolate in tablet shape" on the basis of acquired distinctiveness.

When an application for the invalidation of the registration was filed, the German PTO refused to invalidate the trademark. Upon appeal, the Federal Patent Court had ordered the invalidation. In this decision of October 2017, the German Federal Supreme Court overruled this decision and referred the matter back to the Federal Patent Court.

The key question was whether the trademark merely consisted of the shape of the wrapped chocolate and thus of the product itself. This would have barred the shape from trademark according to Paragraph 3 (2) No. 1 of the German Trademark Act (German TMA), which corresponds to Art. 3(1)(e)(i) of the 2008 TM Directive and reads:

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:

   . . .
   (e) signs which consist exclusively of:
   (i) the shape which results from the nature of the goods themselves;

   . . .

To be able to apply this provision, the German Federal Patent Court had held that the absolute grounds for refusal of protection of 3D marks applies not only to trademarks that consist of the shape of the goods, or of the packaging where the goods are fluid and therefore do not have a shape (i.e., so that the packaging shape
essentially is the product shape), but also to packaging shapes which allow the public to recognize the product shape.

Applying this provision, the Federal Patent Court had then reasoned that the characteristics of the shape, namely

- the square shape of the packaging,
- the two sideward closing flaps and
- the backward closing flap

were typical characteristics of chocolate packaging. The square shape of the packaging was said to serve the purpose of better fitting into a pocket.

The German Federal Supreme Court overruled this decision, pointing out that a shape results from the nature of the goods themselves only if all its relevant characteristics are determined by the product’s nature. This is only the case if all relevant characteristics of the product represented by the trademark show substantial “use properties” that are typical for the category of goods concerned—i.e., “use properties” for which customers would also look among competitor products. As regards the square shape of the packaging, the court held that this was not a substantial “use property” that was typical for chocolate bars as a product category. Therefore it could establish distinctiveness.

- **Dextrose bar**

In the third case, the shape of the “Dextro Energy” dextrose bar, shown below, had been registered for “dextrose” on the basis of acquired distinctiveness.

Upon a cancellation application being filed, the German PTO ordered the invalidation of the trademark. Upon appeal, the Federal Patent Court confirmed the invalidation. In its decision of October 2017, however, the German Federal Supreme Court overruled this decision and referred the matter back to the Federal Patent Court.
The key question was whether the trademark merely consists of a shape that is necessary to achieve a technical function. This would have barred the shape from trademark protection according to § 3 (2) No. 2 of the German TMA, which corresponds to Art. 3 (1)(e)(ii) of the 2008 TM Directive and reads:

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:

   . . .

   (e) signs which consist exclusively of:

   . . .

   (ii) the shape of goods which is necessary to obtain a technical result;

   . . .

The German Federal Patent Court, applying this provision, had reasoned that the characteristics of the shape, namely,

- the square shape of the bar,
- the v-shaped indentations and
- the sloped/[sculpted] corners and edges

were functional and served a technical effect.

The German Federal Supreme Court overruled this decision, pointing out that the square shape of the bar and the v-shaped indentations did indeed have a technical function in that the square shape simplified the space-saving carriage of the product, and the v-shaped indentations established a predetermined breaking point for proper partition. Conversely, the sloped/sculpted corners and edges were made not to serve a technical effect but a sensorial effect. As a result not all essential characteristics of the shape served a technical effect. It is only where all of the essential characteristics of the shape are objectionable that a shape is disqualified from protection as a 3D trademark on this ground.

- **Coffee capsule**

  In the fourth case, the shape of the “Nespresso” coffee capsules
had been granted protection for (inter alia) “coffee, coffee extracts and coffee based preparations; coffee substitutes and artificial coffee extracts” on the basis of acquired distinctiveness. Upon a cancellation application being filed, the German PTO had revoked the protection granted to the German extension of the relevant International Registration. Upon appeal, The German Federal Patent court confirmed the revocation. The court held that all relevant features of the shape, namely

- the double cone shape and
- the flange

are necessary to achieve a technical function in that they avoid a denting of the capsule and facilitate the insertion of the capsule into the coffee machine.

The three German Federal Supreme Court cases mentioned here are significant because they suggest a certain lenience in the appeal of Germany’s highest court. This is of particular importance in this context because the absolute grounds of refusal of a trademark that merely consists of the shape

- of the product itself, or
- what is necessary to achieve a technical function
cannot be overcome by showing that the shape in question has acquired distinctiveness through intensive use and public recognition as a trademark. The decisions show that the German Federal Supreme Court tends to interpret these insurmountable absolute grounds in a rather strict (narrow) sense. In this regard, the German practice appears to be more liberal (to the owners of 3D marks) than the practice of the CJEU.

6. Germany—German Federal Patent Court—Can the addition of a hashtag confer distinctiveness on an otherwise non-distinctive term?

In its #darfderdas? decision of May 3, 2017, the German Federal Patent Court ruled that a hashtag does not establish the distinctiveness of a word sequence that is otherwise not distinctive.

In the underlying case, a German trademark application for the mark “#darfderdas?” had been filed for Class 25 goods. The German PTO refused to register the sign as a trademark on grounds of lack of distinctiveness. The German Federal Patent Court rejected an appeal by the applicant.

The fact that the words “darf der das?” (being the German language equivalent of “is he allowed to do it?”) were presented in the form of a single word “darfderdas?” was considered to be irrelevant, as this is a common stylistic feature that does not
It is permissible in Germany to limit the examination of the mark applied for to the usual and therefore most likely manner of use of the mark concerned. Clothing articles in Class 25 are often used as means of communication, and often display a “fun quote” or convey a message. The most likely and relevant way of using the mark applied for in relation to clothing articles, the court considered, was therefore its use as a clearly visible lettering on the garment concerned. The term “darf der das?” would therefore most likely be perceived by the public only as a means to make people think about or discuss the question apparently presented by the phrase, and as such it was not distinctive.

The court went on to hold that the hash symbol or pound sign “#” would be perceived only as an indication that “#darfderdas?” is a topic for discussion, regarding the question “is he allowed to do it?”

While former German practice used to ask whether there is any manner of use of the mark applied for in which the mark would be perceived as an indication of commercial origin, the #darfderdas decision followed the practice of the CJEU, which has held that the examination of a mark’s distinctiveness may focus on the most likely manner of use of the mark applied for.58 The German Federal Patent Court has followed this line already in the past (e.g., decision of March 5, 2013, Case No. 27 (pat) 74/11—DüsseldorfCongress59), but the German Federal Supreme Court has limited this approach to this extent: that such a focus would be permitted only if there is one predominant manner of use and if no other practically relevant manner of use comes into consideration (decision of May 15, 2014, Case No. I ZB 29/13—DüsseldorfCongress60). The Federal Patent Court has again permitted a further appeal to the German Federal Supreme Court to obtain a final clarification of this question. This appeal is pending.61 If the new ruling of the Federal Patent Court were confirmed by the Federal Supreme Court, it would represent a change in German practice. In cases in which the perception of a sign as an indication of commercial origin depends on the manner of use, distinctiveness could no longer be denied only if there was only one practically-relevant manner of use and the sign appeared to be non-distinctive only in this manner of use. Instead, it would be sufficient to deny distinctiveness if there were several practically relevant manners of use, in at least some of which the sign would

59 Case No. 27 (pat) 74/11 (German Federal Patent Court, March 5, 2013)—DüsseldorfCongress.
60 Case No. I ZB 29/13 (German Federal Supreme Court, May 15, 2014).
61 Case No. I ZR 61/17 (pending).
appear non-distinctive, if the most likely manner of use was among those in which it would be perceived as non-distinctive.

7. EU—EU General Court—When may it be permissible, and when impermissible, for the EUIPO to draw on what it perceives to be evidence of the mark as used?

*M/S Indeutsch International v. EUIPO—Crafts Americana Group*62 is an EU General Court appeal decision that goes beyond the appellant’s pleaded case and criticizes the Board of Appeal’s reliance on certain evidence depicting the appellant’s products. The decision was given on June 21, 2017.

The appellant is an Indian company that sells knitting and crochet products. The case concerned a cancellation action brought against the appellant’s EUTM shown here:

![Mark](image)

The mark was registered as a figurative sign, with the following description: “the mark consists of a repeated geometric design.” The registration was obtained for knitting needles and crochet hooks, in Class 26.

A cancellation action was brought against the EUTM on the basis of Articles 7(1)(a) and (b) of the 2009 EUTM Regulation (corresponding to Articles 7(1)(a) and (b) of the 2017 EUTM Regulation). The grounds of objection were that the mark is not a sign of which an EUTM may consist and is devoid of distinctive character. The cancellation action failed before the EUIPO Cancellation Division, but the EUIPO Board of Appeal held the contested mark to fall foul of the Article 7(1)(b) requirement of distinctive character. The Board of Appeal considered the mark to represent a pattern applied to the goods. It studied photographs of the appellant’s products which it considered to bear the pattern, and from these it concluded that the mark would be perceived as mere decoration or, in the alternative, as having the appearance of wood grain—but not, in either case, as being an indication of trade origin.

Among the photographs consulted by the Board of Appeal in reaching this conclusion is the photograph shown here, taken from the EUIPO file:

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The appellant raised several appeal grounds, including the complaint that the Board of Appeal had been wrong to rely on the extraneous evidence in its finding that the mark would be taken to be a wood grain. But the General Court went further, holding that the Board of Appeal had been wrong to rely on the extraneous evidence altogether, since, essentially, the pictures and samples relied on did not actually show the trademark at issue.

The General Court first noted that its powers gave it the freedom, in reaching its decision, to go, as it proposed to do here, beyond the arguments put forward by the parties in support of their claims. The General Court then went on to consider the circumstances in which it would be appropriate for the EUIPO to look at evidence of the EUTM owner/applicant’s actual products: this may be necessary in order to understand whether or not a mark
that represents product shape departs (as regarding that shape) from the norms of the sector concerned. Additionally, in respect of shape marks, the EUIPO may identify their essential characteristics by examining the product itself. “Such an examination must be carried out where the identification of an essential characteristic of the mark is necessary in order to determine the specific nature of the elements that form part of the graphic representation and any descriptions filed at the time of application for registration.”63

However, this did not apply to the trademark under consideration here because, held the General Court, “it cannot validly be maintained that the mark at issue . . . will immediately and without further reflection be perceived as a representation of a detail or an aspect of the goods that it covers and even less that it consists of the shape of the knitting needles and crochet hooks by the applicant.”64 In other words, the mark in question here was not a shape mark, and it certainly was not a reflection of the shape of the trademark owner’s own particular products.

On the second point noted, the General Court pointed out the significant differences in which the patterns on the goods themselves differed from the figurative mark as registered: the patterns on the products are colored, not black and white, and are irregular. The coloring is not homogenous, and the distribution of colors random. There is no clear line making the transaction from color to color. This is in contrast to the figurative mark as registered, which is an abstract, but regular, geometric shape. The General Court concluded that the approach of the Board of Appeal, in reliance on the product designs, had amounted not to an examination of the essential characteristics of the mark in question, but rather a significant alteration of its characteristics.

The appellant had itself stated that it intended to apply the chevron pattern (i.e., the registered mark) along the surface of the knitting needles and crochet hooks. The Board of Appeal had relied on this. The General Court, however, considered this is to be irrelevant. The General Court held that, even if the applicant were prepared to permit the EUIPO to examine the distinctive character of its mark by reference to the appearance of its actual products, the fact is that the entry of the mark as it appears on the register is the paramount consideration because it is there to (among other things) inform third parties of the specific nature of the registered rights and therefore to determine the scope of the protection afforded.

The Board of Appeal’s decision was therefore annulled.

8. EU—CJEU—Is it permissible for the EUIPO to apply general reasoning, applying an absolute grounds objection to a wide range of goods and services on the basis that they form a sufficiently homogeneous category or group, where the goods and services in question are diverse in nature, characteristics, use, and the method of their marketing?

This question arose on appeal to the CJEU in the registrability case EUIPO v. Deluxe Entertainment Services Group Inc. The CJEU’s decision was given on May 17, 2017. Deluxe had applied to register its figurative sign, shown here, as an EUTM in Classes 9, 35, 37, 39, 40, 41, 42, and 45.

The goods and services were wide-ranging. They included motion picture films in Class 9; business services in Class 35; film rejuvenation services in Class 37; packaging and delivery services in Class 39; and laboratory and post-production services for films in Class 41. Some of the goods and services were specific to films; others were not.

The application was refused by the EUIPO under Article 7(1)(b) and (c) of the 2009 EUTM Regulation (corresponding to Articles 7(1)(b) and (c) of the 2017 EUTM Regulation), on grounds that the figurative DELUXE mark lacked distinctive character and was descriptive of the quality of the goods and services concerned. This decision was upheld by EUIPO’s Second Board of Appeal. The Board of Appeal decision was based on the proposition that “deluxe” comprises a general claim to superior quality, and the objection was made generally to all goods and services.

The EU General Court, however, annulled the Board of Appeal decision, criticizing the EUIPO’s approach. The General Court noted that the trademark application covered eight classes and over ninety separately identified goods and services. The General Court considered that the differences displayed between the various goods and services—as regards their nature, characteristics, intended use, and manner of marketing—were such that could not be considered

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as a homogeneous category for which the Board of Appeal could properly adapt a general reasoning.

The CJEU, in the appeal decision now under review, disagreed with the General Court on the point of principle, and referred the case back to the General Court for reconsideration. The CJEU ruled that, “it cannot be ruled out a priori that the goods and services covered by an application for registration all present a relevant characteristic for the analysis of an absolute ground for refusal and that they can be placed, for the purposes of examination . . . in relation to that absolute ground for refusal, in a sufficiently homogenous single category or group.”66 The CJEU went on to hold that this could be the case even through the products and services might differ markedly in other respects. Where the General Court had gone wrong was that it had “failed to have regard to the possibility that, despite their differences, all the goods and services at issue could have a common characteristic, relevant to the analysis that the Board of Appeal had to carry out, which . . . could justify their placement within a single homogenous group and use by the Board of Appeal of a general reasoning in relation to them.”67

The CJEU explained the analysis that the General Court ought to have undertaken, by reference to the specific facts of the case. According to the CJEU, a first step in the analysis was to consider whether or not the Board of Appeal had been correct to determine that the mark at issue, which comprised both the word “deluxe” and a figurative element, was capable of being perceived, directly and immediately, as a claim to superior quality rather than an indication of commercial origin.

Secondly, if the General Court determined that the term “deluxe” were to have a meaning distinct to that of “superior quality,” the General Court would then have to examine whether or not, in light of that meaning, the goods and services covered by the mark at issue constitute a homogenous group justifying recourse to a general reasoning.

The CJEU’s reference to possible distinct meanings of the word “deluxe” relates to the Opinion that had been given in the case by the CJEU’s Advocate General on January 25, 2017. The Advocate General had opined, inter alia, that the connotations of sumptuousness or ostentatiousness denoted by “deluxe” may be attributed to certain goods or services, but not others.

The EU General Court must therefore reconsider the case with these points in mind. The key requirement is that the issue be considered having regard to the specificity of the mark applied for and the perceptions of it among the relevant public.

9. Benelux—Court of Appeal The Hague (The Netherlands) —Distinctive character—Is a famous Golden Age painting (Rembrandt’s *The Night Watch*) registrable as a trademark?

No. This was decided by the Court of Appeal of The Hague in its ruling of August 29, 2017, in the case *Chiever v. Benelux Office for IP*.68

Trademark agency Chiever had applied for a trademark consisting of the famous painting *The Night Watch* (depicted above), for certain chemical products. The Benelux Office for Intellectual Property refused the trademark, both because of lack of distinctive character and for being contrary to public policy.

The Hague Court of Appeal first of all ruled that Chiever lacked a sufficient interest in its claim, because the application for the trademark in question was initially made only in the context of a “special offer” as part of which Chiever would obtain a picture on canvas of a new trademark registration, if filed by a certain date. Chiever, however, argued that it had filed the appeal at the request of (potential) clients, and also in view of the fees that had been paid. The Court of Appeal, however, found that the filing was apparently some kind of joke (in order to obtain the canvas) and that the appeal was only pursued, after the application had been refused, with accompanying publicity. It concluded that the plaintiff had insufficient interest to pursue the case, in view, among other things, of the overburdened judiciary and the limited financial means available to the courts.

In addition, the Hague Court of Appeal ruled that, in any event, the mark applied for lacked distinctive character. In this respect it

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considered, among other things, that (i) *The Night Watch* is one of the most famous paintings in the world, belongs to the (worldwide) cultural heritage and as such is enshrined in the collective memory of the inhabitants of the Benelux, as a consequence of which the average consumer in the Benelux of any goods will also recognize it as such, (ii) many different goods in the Benelux bear pictures of *The Night Watch* and (iii) on the market for the goods for which the trademark has been applied, (i.e., certain chemicals) trademarks, or at least pictures, are not used at all on these goods or their packaging.

The Court of Appeal concludes that the average consumer of the relevant goods will, because of the very specific meaning of the painting, immediately recognize a picture of *The Night Watch* on such goods (or on the packaging thereof) as one of the most famous paintings in the world, because of the very specific meaning of this painting. The consumer will not perceive it as indication of origin, but only as decoration.

10. Austria—Austrian Supreme Court (OGH)—Is a word or phrase to be rejected for registration on grounds that it is contrary to public policy or to accepted principles of morality if, although offensive, it has become quite commonplace in popular use?

The decision of the Austrian Supreme Court in case OGH 03.05.2017, 4 Ob 62/17x 69 concerns the refusal of a trademark application on grounds of public morality. The decision was given on May 3, 2017.

The plaintiff, a German company, applied for the registration of the trademark FICKEN (in English “fucking”) for goods in Classes 25 (clothes), 32 (beer; non-alcoholic drinks) and 33 (alcoholic drinks) with the Austrian Patent Office. Prior to the application, the same trademark had been registered in Germany.

The Austrian Patent Office refused the application because the trademark would be contrary to public morals and could be seen as offensive by a large section of public. Hence, the trademark would not be registrable as a result of the absolute grounds for refusal under the Austrian Trademark Act, reflecting Article 3(1)(f) of the 2008 TM Directive (corresponding to Article 4(1)(f) of the 2015 TM Directive). The Higher Regional Court Vienna (Oberlandesgericht Wien), as the appellate court, confirmed this decision.

The Austrian Supreme Court dismissed the further appeal of the applicant as well. The requirement that a trademark application should be refused where the trademark is contrary to accepted principles of morality was recognized by the Austrian Supreme Court.
Court to raise the difficult issue of how high (or low) to set the bar. In the absence of existing binding guidance on the subject, the court determined that a mark should be refused on this basis if its use would amount to a gross violation of legally protected interests. Although this appears in principle to set a high threshold, the court did not consider that the lower instance courts could be regarded as having made an error in determining the mark in question here to fall on the wrong side of the line—even though there was evidence that the term had, regrettably, become quite commonplace in public use.

The Austrian Supreme Court confirmed that the appellate court of lower instance had correctly considered the legal principles and had not exceeded the allowable latitude of judgment, as had been claimed by the applicant. The applicant had relied on evidence of the liberalization of language habits and the trend towards banalization of this kind of word or phrase, but the Supreme Court was not prepared to agree that the term in question should be regarded as registrable on the basis of this direction of travel. Just because some sections of society now habitually and publically use appalling language, this does not reflect the overall view to be taken of accepted morality.

In addition, the Austrian Supreme Court rejected the argument that the Austrian courts should follow the German decision to accept the mark for registration in Germany. The grant of protection in other countries is not binding.

These developed principles of the Austrian Supreme Court are in line with the decision of the EU General Court of January 24, 2018,70 in Constantin Film Produktion GmbH v. EUIPO: Based on the related movie, Constantin Film Produktion GmbH had applied for the registration of “fack ju Göthe” as EUTM in thirteen classes (comprising beauty products, clothes, watches and umbrellas, sport events, and Internet platforms). The EU General Court confirmed the EUIPO’s decision to reject the application based on the offensiveness of the mark and its contravention of accepted principles of morality.

The fact that the film had been seen by several million people did not, the EU General Court had considered, mean that the relevant public from a trademark law perspective would not be shocked by such registered trademarks.

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11. UK—Court of Appeal of England & Wales—What is the relationship between a consumer’s reliance on, and a consumer’s perception of, a shape as a trademark?

On May 17, 2017, the English Court of Appeal ruled on a shape mark case that has featured several times before in the Annual Review—Société des produits Nestlé SA v. Cadbury UK Ltd. and concerns the shape of Nestlé’s KIT KAT brand chocolate wafer shown here:

The case involves the question of whether or not Nestlé was entitled to the registration of this shape as a UK trademark for chocolate and other confectionery products in Class 30, based on acquired distinctiveness.

Acquired distinctiveness is dealt with in Art. 3(3) of the 2009 EUTM Regulation (Corresponding to Article 4(4) of the 2017 EUTM Regulation), which provides that a mark lacking inherent distinctiveness is nevertheless to be registered if it has acquired a distinctive character as the result of the use made of it prior to the application date.

In the present case, Nestlé had filed survey evidence with the UKIPO which showed a high degree of public recognition of the shape and its association with the “Kit Kat” product. Registration was nevertheless declined on the basis that the evidence did not show the shape to have acquired a distinctive character. The shape was (according to the evidence filed) not used overtly in advertising.
per se, and was hidden within an opaque wrapper bearing the KIT KAT mark. It was observed that there was no evidence to demonstrate that the consumer relied on the shape as an indicator of trade origin.

On appeal to the English High Court, the nature of the legal test to be applied—in particular, whether Art 3(3) of the EUTM Regulation required there to be “reliance” by the consumer on the shape as an indication of origin (as opposed to any other trademarks present on the product/packaging)—was contested. The English High Court referred this issue to the CJEU, but found the guidance provided by the CJEU difficult to apply. The CJEU had eschewed any discussion of “reliance” per se, referring instead to consumer perception.

Notwithstanding the difficulty, the English High Court considered the CJEU’s ruling to support its view that Nestlé’s appeal should be denied, which it therefore did.

Following the judgment of the English High Court on the matter, on January 20, 2016, the EU General Court had ruled in a parallel case that had come up on appeal from the EUIPO, Mondelez UK Holdings & Services Ltd v. EUIPO—Société des produits Nestlé SA72 and the judgment of the EU General Court was given on December 15, 2016. (See Annual Review of EU Trademark Law, 2016 in Review.) This case concerns the application by Nestlé to register the same Kit Kat shape as an EUTM. In that decision, putting it in general terms, the General Court held that the shape lacked the requisite acquired distinctiveness for registration in the EU because the evidence filed by Nestlé did not cover the whole EU. However, the ruling made clear that, in respect of these parts of the EU for which evidence had been filed—including, notably, the UK—the EU General Court considered that the evidence would support the finding of acquired distinctiveness. This EU General Court ruling, standing therefore in stark contrast to the decision of the English High Court ruling, was part of the context in which the English case progressed to the Court of Appeal of England & Wales.

In its ruling of May 17, 2017, the English Court of Appeal dismissed Nestlé’s further appeal. Giving the leading judgment, Lord Justice Kitchen found the underlying CJEU ruling of [date] to be “tolerably clear”—finding less inherent difficulty in its interpretation than the English High Court had done: “The applicant must prove that, as a result of the use he has made of the mark, a significant proportion of the relevant class of persons perceives the goods designated by [the shape trademark in question] as opposed to any other mark which might also be present, as

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originating from a particular undertaking.”

According to Lord Justice Kitchen, the formulation adopted by the CJEU had drawn a distinction between, on the one hand, proving that the relevant public perceive the mark indicates trade origin, as a result of the use made of it, and, on the other hand, proving merely that the relevant public “recognize the mark and associate it with the applicant’s goods.”

Nestlé argued on appeal that the English High Court had impermissibly applied a test of consumer reliance in place of a test of consumer perception—favoring its own previous opinion on the legal test over the guidance that had been given by the CJEU. Nestlé argued that it was not necessary for an applicant to show that the mark has played, or will play, a part in consumers’ purchasing or post-transactional behavior. Lord Justice Kitchen acknowledged that the CJEU had not used the term “reliance” when giving its guidance. However, he went on to hold, “perception by consumers that goods or services designated by the mark originate from a particular undertaking means that they can rely on the mark in making or confirming their transactional decisions. In this contest, reliance is the [behavior] consequence of perception.” He went on to agree with the judge at first instance that, when assessing whether or not the public perceive the relevant goods as having a particular trade origin by virtue of the mark in question, a tribunal may properly consider whether or not the public would rely on the mark in question as denoting the origin of the goods, if it were to be used on its own.

There was also the question of the apparent disparity between the decision of the English Court of Appeal and that of the EU General Court, in the parallel EUTM case, mentioned above. Nestlé relied on passages in the General Court ruling which, Nestlé submitted, demonstrated a very different view of the 2015 ruling of the CJEU on the reference from the English case—a view that specifically denied that possibility that perception could be equated with reliance. Among the passages cited by Nestlé was the following, from paragraph 99 in the General Court’s ruling:

... it must be emphasized that the fact that the relevant public has recognized the contested mark by referring to another mark which designates the same goods and is used in conjunction with the contested trademark [i.e. in surveys, the public might say “it’s a Kit Kat” when shown a picture of the shape] does not mean that the contested trademark is not

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75 Id. para. 82 (May 17, 2017).
used as a means of identification in itself. The position would be different if the Court of Justice (CJEU) had found that, as suggested by the English referring court . . . in order to establish that distinctive character has been acquired, it is necessary to demonstrate that the consumer concerned relies on a mark in order to identify the commercial origin of the goods designated by that mark. However the Court [CJEU] merely confirmed that, to that end, it was necessary to show whether the mark representing the shape of the product, when used independently of its packaging or of any reference to the word mark KIT KAT, serves to identify the product as being . . . the product known as “Kit Kat 4 fingers . . .”

Lord Justice Kitchen, although recognizing that General Court decisions on points of EU law are binding on the English Court of Appeal, declared himself satisfied that no such decision had been made here. Moreover, it was correct to say, he held, that it is not necessary to show that the public have relied on the trademark—this being clear from the CJEU ruling. But this does not mean to say that evidence of reliance has no part to play. Evidence of reliance would prove that the mark had become distinctive.

The General Court decision had also upheld the EUIPO Board of Appeal’s finding that the Kit Kat shape mark had acquired a distinctive character in the UK through the use that had been made of it. Lord Justice Kitchen acknowledged this, but held that the Board of Appeal’s finding had been based on survey evidence that had been found by the UKIPO to be seriously flawed and therefore wholly unreliable. Moreover, “there are many passages in the decision of the General Court which suggest that, contrary to the decision of the CJEU, it regarded recognition and association of the mark with Kit Kat as being sufficient to establish distinctiveness.”

(The passage quoted above from paragraph 99 of the General Court’s decision appears to be one such.)

The English case was not further appealed. The General Court decision is currently on appeal to the CJEU.

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77 Société des produits Nestlé v. Cadbury UK Ltd, [2017] EWCA Civ 358, para. 100 (May 17, 2017), per Kitchin LJ.
12. UK—High Court of England & Wales—Can a mark be registered on the basis of acquired distinctiveness where the distinctiveness has been acquired by an existing family of marks sharing common elements with the contested mark, rather than by the contested mark itself?

In Apple Inc. v. Arcadia Trading Limited,78 the English High Court had to consider whether or not a “family of marks” argument could support the registrability of the trademark iWATCH in the face of descriptiveness/distinctiveness objections. Judgment was given on March 10, 2017.

The case came before the English High Court on appeal from the UKIPO. An application to register the iWATCH trademark had been filed, in 2014, in Classes 9 and 14, and the application had been acquired by Apple Inc. It had been rejected during examination in Class 14, and subsequently on opposition the IPO’s Hearing Officer had held the majority of the Class 9 specification—including computer software, computer hardware, and wireless communication devices—to be similarly objectionable.

The English High Court dismissed Apple’s appeal. The most interesting part of the judgment relates to Apple’s submission that iPHONE had acquired distinctiveness through the use that Apple had made of other marks sharing the same “i”-prefix, notably iPHONE and iPAD.

According to Article 3(3) of the 2008 TM Directive (corresponding to Article 4(4) of the 2015 TM Directive), a trademark is not to be refused registration on (inter alia) descriptiveness or distinctiveness grounds if, “before the date of application for registration and following the use that has been made of it,” the mark has acquired distinctiveness.

The Hearing Officer had dismissed the argument on the grounds that, on a plain reading of Article 3(3), the distinctiveness must be acquired through the use made of the mark itself. Apple argued that the literal interpretation was incorrect, citing case law in support.

In one of the cited cases, II Ponte Finanziaria SpA v. OHIM,79 the CJEU held at paragraph 63 that, “Where there is a ‘family’ or ‘series’ of trademarks, the likelihood of confusion results ... specifically from the possibility that the consumer may ... consider erroneously that the trademark is part of that family or series of marks.” The English High Court held, however, that it does not necessarily follow from the above premise that a trademark that lacks inherent distinctive character can acquire it as a result of use.

78 ([2017] EWH 440 (Chancery) (English High Court, Mar. 10, 2017)).
of other trademarks with a common feature that those other marks share with the trademark in question.

The more forceful argument put forward by Apple picked up on the 2016 ruling of the EU General Court in *Future Enterprises Pte Ltd v. EUIPO,*80 reported in last year’s Annual Review. The case involved an invalidity action brought by restaurateur McDonald’s against an EUTM registration for MACCOFFEE, in which it had relied on a number of “Mc”-prefixed earlier trademarks including McCHICKEN, McFISH, McMUFFIN and McTOAST. In review of the Board of Appeal’s findings, the General Court had held that, “...the Board of Appeal could...take into account the findings made by [various EU] national courts...from which it was clear that...the use of the prefix “Mc”, combined with another word, was such that it enabled it to acquire its own distinctive character for fast-food restaurant services and the goods on the menu of fast-food establishments.”81

Considering the potential relevance of this, the English High Court noted again that (as in *II Ponte Finanziaria*) the case in question had involved a conflict in which one party proposes to use a distinctive trademark which shares a common element with a family of distinctive marks owned by the other party—and not an “absolute grounds” case in which the distinctiveness of the application mark is at issue. “Although the General Court talked about the prefix ‘Mc’ having “acquired its own distinctive character’, the prefix was not descriptive of any characteristics of the goods or services in question. Nor were any of the relevant trademarks, including the contested mark, viewed as a whole.”82

The English High Court concluded that none of the cited authorities established that the IPO Hearing Officer’s view of the interpretation of Article 3(3) of the 2009 TM Directive had been wrong. However, the court specifically preferred to avoid expressing a concluded view on the point in the absence of any analysis having been offered as to the context and purpose of Article 3(3). The case in hand could be decided in any event.


81  Id. para. 59.

13. UK—Court of Appeal of England & Wales—What is the significance of the perceptions of taxi users regarding the registrability of a mark corresponding to the shape of a taxi, where registration is sought in relation to the taxi, and not the taxi service?

The ruling on November 1, 2017, of the English Court of Appeal in *The London Taxi Corporation Limited t/a The London Taxi Company v. Frazer-Nash Research Limited and Another*[^83] is a decision on appeal from the 2016 judgment of the English High Court[^84] reported in last year’s Annual Review concerning the shape of the London taxi.

The case concerns the defendants’ proposed new design for a London taxi cab, shown here:

![New Cab Design](image)

The plaintiff had alleged that the introduction of the new cab design would infringe their taxi shape trademarks, shown below, and would constitute passing-off. The registered trademark to the left depicts the “Fairway” design, still familiar on London streets but now, for several years, out of production. The mark on the right corresponds to the plaintiff’s newer “TX1” and “TX4” designs.

The registrations—one being an EUTM, the other a UK national mark—are in Class 12. One covers motor vehicles and accessories. The other covers cars and taxis.

The defendants defended the infringement and passing-off claims and counterclaimed, arguing that the registered marks were invalid for (inter alia) lack of distinctive character and that the shape mark corresponding to the “Fairway” should be revoked for non-use. The defendants prevailed.

The plaintiff’s appeal to the English Court of Appeal failed. The appeal ruling focuses on the invalidity claims, dealing with the issues of inherent and acquired distinctiveness. On its way to that, the English Court of Appeal addressed the underlying issue of whether the “average consumer” in respect of a taxi should be considered to be limited to taxi drivers and others who purchase the vehicles, or should be taken also to include hirers of the taxi—i.e., those who hail the cab for a ride. The English High Court had concluded that the “average consumer” did not include the hirer—who merely purchased the taxi service. The trademark owner argued that this was incorrect.

The Court of Appeal found none of the case law cited to it on the subject to be of assistance. However, in the absence of authority directly on point, the court considered that the notion of “average consumer” would extend to anyone liable to rely on the trademark in making a decision to use the goods, not only those who may buy the goods as such. The Court of Appeal could not see any *a priori* reason for excluding the hirer of a taxi from the class of consumers whose perceptions it was necessary to consider. However, the Court reached no concluded view on this, deeming it unnecessary to do so.

Turning to the finding of invalidity, the Court of Appeal considered first the question of inherent distinctiveness. The English High Court had determined that the shape marks were devoid of distinctive character. On this aspect of the case an issue arose as to the correct interpretation of CJEU case law. Various CJEU cases have established that marks composed of product shape
are not to be regarded as having inherent distinctive character unless the shape departs significantly from the norm and customs of the sector. (See, in particular, *Mag Instrument v. OHIM*,\(^{85}\) *Deutsche SiSi-Werke v. OHIM*,\(^{86}\) and *Storck v. OHIM*.\(^{87}\) The question raised was whether a finding that the shape departs significantly from the norm is not only a necessary but also a sufficient condition—i.e., such that it would lead to a consequential finding of inherent distinctiveness. Subsequent cases in the European courts (the CJEU in *Freixenet SA v. OHIM*\(^{88}\) and the EU General Court in *Jaguar Land Rover Ltd v. OHIM*,\(^{89}\) have used language suggesting that this is the case. However, the English Court of Appeal in Bongrain SA’s trademark application\(^{90}\) thought differently. In the present case, the English Court of Appeal considered this important point not to be *acte claire*, and therefore to be a point that would require a reference to the CJEU.

However, the Court of Appeal decided that such a reference was not necessary in the present case because the shape featured in the registered trademarks did not depart significantly from the norms and customs of the sector—a sector it considered to embrace not only the shape of the classic London ‘black cab’ but also the various shapes of the saloon (sedan) cars that might be used by private hire taxi firms. According to the Court of Appeal:

> The norms and customs of the car sector are not difficult to establish. Typical cars have a superstructure carried on four wheels, the superstructure having a bonnet [hood], headlamps and sidelights or parking lights, a front grille and no doubt other features. The public will have experienced taxis with sharp linear features like the old Metrocab, and more rounded ones like LTC’s taxis. They will have experienced both modern cars and more old fashioned ones. They will know that if the car is a taxi it will often have a light or other sign bearing the word TAXI on its roof.

When the LTC features are compared with these basic design features of the car sector, each is, to my mind, no more than a variant on the standard design features of a car. A windscreen [windshield] has a slope, a bonnet has a height and a grille has a shape. It is obvious that none of the LTC features is so different to anything which had gone before that it could be described as departing significantly from the norms and customs of the sector. Whether considered

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89 Case T-629/14, [2016] ETMR 12.
90 [2004] EWCA Civ 1690.
individually or as a whole the LTC features are simply minor variants on those norms and customs.91

The High Court had therefore been correct to hold the marks to lack inherent distinctiveness. They would therefore be invalid unless they had acquired distinctiveness through use. The question of whether or not they had done so was the major area of dispute on the appeal. The Court of Appeal approached the matter having regard to its own decision earlier in 2017 in the Nestlé case92 (reported above), recalling in particular the explanation given in that ruling (at paragraphs 77 to 79) that it is not sufficient for the trademark owner to show that a significant proportion of the relevant class of persons recognize and associate the mark with the trademark owner’s goods. He must also show that they perceive that the goods designated by the mark originate with a particular undertaking and no other.93 This is an important consideration in the case of a shape like the London black cab as supplied by the plaintiff, which has an iconic recognition.

The analysis requires that the perceptions of the “relevant class of person” be considered, recalling the issue noted above about whether the relevant public should be considered to include taxi hirers as well as taxi drivers. Despite holding that taxi hirers were not within the relevant public, the English High Court had considered their perspective as well as that of taxi drivers. The High Court had held that the plaintiff had failed to demonstrate an acquired distinctive character for its trademarks among a substantial proportion of taxi drivers. As for hirers, the claimant’s case had been built on the inferences that the claimant considered should be drawn from certain factors, including the fact that the claimants had held a virtual monopoly in the supply of London taxis for decades and had essentially preserved the shape in order to capitalize on its distinctive appearance. However, the High Court had considered that the factors cited did not justify the inference that taxi hirers identified the trade origin of the taxis because of their shape.

On appeal, the plaintiff argued that the English High Court had failed to give proper weight to evidence of steps that had been taken by the trademark owner to advertise (including inside cabs) its own involvement in the manufacture of the cabs, or to the implications of its having held a virtual monopoly in a shape that it had purposely preserved substantially unchanged for decades. There was, moreover, evidence that, when other different taxi shapes had

91 The London Taxi Corporation Limited t/a The London Taxi Company v. Frazer-Nash Research Limited and Another ([2017] EWCA Civ 1729), paras. 47-48
93 Id. para. 53.
been introduced into London streets, hirers had a tendency to avoid taxis of the shapes concerned in favor of the plaintiff’s own models.

The English Court of Appeal had sympathy with the submissions but was not inclined to disturb the English High Court’s findings on the point. Regarding the perspective of the taxi hirer, the Court of Appeal observed that, even though they ought not necessarily to be excluded from consideration as part of the relevant public addressed by the trademark, “they constitute a class of consumer whose focus will be on the provider of the services being supplied more than on the manufacturer of the vehicle in which they were travelling. It will be hard to interest them, far less educate them, in the topic of whether the shape of the taxi is an indication of a unique trade source.” Moreover, their tendency to select taxis of the shapes supplied by the plaintiff could potentially be explained by the fact that consumers would be aware that taxis of this shape were licensed by the authorities. This is a factor which makes it more difficult to decipher, in their behavior, a reliance on the shape as a badge of trade origin.

The appeal was thus dismissed, but the English Court of Appeal went on to indicate how it would have disposed of the remaining issues. One of these concerned an additional invalidity ground levelled at the shape mark registrations—that the shapes not only lacked distinctiveness but also “gave substantial value to the goods.” (Article 3(1)(e) of the 2008 TM Directive and Art 7(1)(e)(iii) of the 2009 EUTM Regulation. The High Court had ruled against the trademark owner on this. The Court of Appeal observed that the provisions of EU law on “adding substantial value” were notoriously unclear and indicated that it would have referred questions to the CJEU for clarification, before offering its own decision on the matter. In particular, it would have wanted to know whether or not it would be right to take account of the fact that consumers would recognize the shape as that of a London taxi, and whether or not it should take account in this context of the presence or availability of design protection for the shape concerned.

Other matters covered by the Court of Appeal in this concluding part of its analysis included the non-use revocation claim against the earlier CTM, the infringement claims, and a defense based on honest practices.

14. EU—EU General Court—What is the importance of direct evidence from the relevant public when providing evidence of acquired distinctiveness?

In last year’s Annual Review, the General Court’s 2016 decision in Nestlé95 was reported. That case concerned the registrability of the shape of the Kit-Kat chocolate wafer. The General Court there took the view that evidence of the acquired distinctiveness of the shape mark that had not been provided in respect of all EU Member States was insufficient. That case is now before the CJEU on appeal but, in the meantime, the General Court’s decision in Colgate-Palmolive Co. v. EUIPO96 illustrates that EUTM applicants’ difficulties in establishing the acquired distinctiveness of their marks, where necessary to overcome objections under Article 7(1)(c) of the EUTM Regulation (now Article 7(1)(c) of the 2017 EUTM Regulation), are not confined to shape marks. The General Court’s decision was given on December 7, 2017.

The case concerns the registrability, as an EUTM, of the figurative mark shown here, for toothbrushes:

![360°](image)

The EUIPO held the mark to fall foul of both Article 7(1)(b) and 7(1)(c) of the EUTM Regulation, on the grounds that it described the qualities of the product and lacked distinctive character. Despite attempts by the applicant to contest this view on the basis that the mathematical concept of 360° lends itself to many different alternative interpretations, the General Court concluded that there was nothing ambiguous about the meaning that would be ascribed to the mark in the market for interdental toothbrushes, and that it would be considered simply to describe profound brushing “all around” the tooth. The figurative elements of the mark were, moreover, insufficient to divert the consumer’s attention from the descriptive and non-distinctive message conveyed by “360°” and therefore did not confer distinctiveness on the mark.

With the grounds of objection under Articles 7(1)(b) and (c) therefore being upheld, the General Court turned its attention in

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consequence to the question of whether the mark could, as the applicant claimed, be registered on the basis of Article 7(3) of the EUTM Registration, in view of the evidence of acquired distinctiveness filed by the applicant.

The Board of Appeal had considered the evidence filed by Colgate-Palmolive to be insufficient to meet the requirements of Article 7(3). The General Court agreed.

Evidence filed in the case showed that the 360° device mark under consideration had been used in association with other trademarks. The General Court noted, by reference to relevant CJEU case law, that although a mark may acquire distinctive character even though its use has been in conjunction with another mark, the fundamental condition is always that, as a consequence of that use, the mark for which registration is sought must have become an indicator of the origin of the goods in its own right – as opposed to any other trademark that may be present.

The evidence in the case comprised six years’ sales figures for the EU, details of television advertising, and other information which showed that the product had been advertised heavily and achieved a significant recognition. However, the General Court noted that, in the advertising material provided, the 360° mark had never appeared on its own and thus, although it might be the case that the 360° mark had achieved distinctive character in its own right as a result, this had not been proved. The General Court pointed out that no market survey or research had been adduced, specific to the 360° mark, to establish that the 360° mark, as opposed to the other marks present with it, had acquired distinctive character.

Additionally, the General Court observed that although the documents provided, particularly the advertising material, covered a number of EU Member States, they covered only fourteen of the twenty-eight Member States, and not (inter alia) Germany and Italy. The General Court cited again the decision in Lindt (Chocoladefabriken Lindt & Sprungli v. OHIM, to the effect that it would be unreasonable to expect evidence of acquired distinctiveness from every single EU Member State. However, held the General Court, “the fact remains that, when a contested mark is, ab initio, descriptive or devoid of any distinctive character in the European Union as a whole, the acquisition of distinctive character by that mark must be established in relation to the European Union

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97 Judgments of July 7, 2005, Nestlé, Case C-353/03, para. 30 (EU:C:2005:432); of April 18, 2013, Colloseum Holding, Case C-12/12, paras. 27-28 (EU:C:2013:253); and of September 16, 2015, Société des produits Nestlé, Case C-215/14, paras. 64-67 (EU:C:2015:604).

as a whole.”99 In the present case, the court concluded, the territorial deficit in the evidence provided meant that it “does not only not constitute the whole of the territory of the European Union, but does not even contain a sufficiently representative part of the combined population of the European Union.”100

Similar problems were encountered during 2017 by Pirelli Tyre SpA in its endeavors to prove the acquired distinctiveness of its position mark, shown below, for which it sought EUTM protection in respect of tires, tire rims, and covers for vehicle wheels.

![Position mark](image)

In the application for registration, the mark at issue is described as follows: “A pair of essentially equal curved strips positioned on the side of a tire and running along its circumference. The trademark in question is a position mark.”

The EU General Court, in its decision of July 4, 2017, *Pirelli Tyre SpA v. EUIPO*,101 upheld the Board of Appeal’s decision that the mark should be refused protection on grounds of lack of distinctiveness.

Here again, the applicant had relied on evidence of acquired distinctive character but, as in the 360° case, the evidence

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comprised essentially sales and marketing information without anything to support the contention that the mark as claimed had acquired a distinctive character. Again, there was an absence of survey-type evidence indicating how the claimed mark was actually perceived by the public. The General Court held it to be clearly established that acquired distinctive character cannot be established merely by reference to sales volumes and advertising material—or merely by establishing that the mark had been in use over a long period. The applicant was also criticized for not having provided market share information.

Interestingly, what the applicant did supply in this case was evidence that it had been the exclusive supplier of tires for the Formula 1 motor racing teams since 2011 and that, as a result of this, the tires bearing the trademarks would have been seen by millions of TV viewers throughout the EU. However, the General Court held that it was clearly insufficient for Article 7(3) purposes to establish merely that the mark has been seen by many; it must also be shown that the public would attribute an origin-indicating function to it. Additionally, the strips for which the applicant wanted trademark protection had always appeared in conjunction with the PIRELLI trademark. The applicant, to succeed, would have needed evidence that the public attributed a distinctive role to the strips alone, irrespective of the other marks appearing.

As a side note, an interesting finding was made by the General Court in relation to the coverage of the trademark, which was claimed by the applicant specifically as a position mark and which the applicant had referred to (in its application form, identifying the mark) as being positioned on the side of a tire. The applicant had nevertheless applied to register the mark not only for tires but also for tire rims and wheel covers. The General Court held, “the mark applied for is in the form of a design intended to be affixed to a tire part and corresponds to the circumferential shape of tires. It will therefore be difficult to dissociate it from the tires. It must therefore be considered that, even though the applicant has claimed protection for additional goods, namely, rims and covers for the wheels of vehicles, the sign for which registration is sought is necessarily limited to tires, being affixed to these, and not to any other goods . . . .”

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102 Id. para. 24.
15. EU—EU General Court—What kinds of evidence may suffice to establish acquired distinctiveness, if no direct evidence of public perceptions is available?

A case in which the owner of a contested EUTM had greater success in arguing its case for acquired distinctive character is General Court case bet365 Group Ltd v. EUIPO—Hansen.103

In this case, in which the General Court gave its decision on December 14, 2017, the appellant was defending its EUTM BET 365 against a cancellation attack on grounds of descriptiveness and lack of distinctiveness. The EUTM owner defended its position on (inter alia) the basis of acquired distinctiveness.

The EUIPO Board of Appeal upheld the cancellation action on the grounds that the evidence of acquired distinctiveness was insufficient. The General Court, examining the position in respect of Class 41, in which the mark was registered for betting and gambling services, considered the evidence of distinctiveness acquired as at the date of the filing of the cancellation action.

Such problem (if any) as existed in respect of the mark’s inherent descriptiveness and lack of distinctiveness existed for that part of the relevant EU public who would understand sufficient English to appreciate the meaning of “bet” in the mark BET365, and thus pick up on the notion of a betting facility available on every day of the year. A first question concerned the territorial extent of the evidential requirement, having regard to this factor. The General Court considered that the evidence was required for the UK, Ireland, Malta, Cyprus, the Netherlands, Finland, Sweden, and Denmark, being the EU countries where English is spoken or widely known. It resisted an attempt to broaden the requirement out to all those EU countries in which the public has at least an elementary or passive knowledge of English.

Irrespective of the territorial aspect, issues arising from what appeared in the evidence included, first, whether the appearance of the contested mark (which was registered in word mark form) in figurative form and/or with other words, such as “bet365Bingo” and “bet365.com” should have been discounted, and, secondly, whether evidence should have been discounted on the basis that it showed use as the name of a website or a company name, rather than trademark use.

On the first of these points, the Court ruled that the Board of Appeal had erred in failing to take into consideration the evidence of use of the mark in different forms, since it was perfectly possible that the use in question could have contributed to the distinctive character of the mark as registered. According to the General Court, “[there] is no reason to consider such usage of the element “bet365”

to be inherently incapable of helping to show that the contested mark has acquired distinctive character through use, particularly since that mark is a word mark, the representations and uses of which cannot all be foreseen, to the extent that they constitute use of the contested sign as a mark, which must be confirmed hereafter. For example, it can hardly be disputed that use as a mark of the figurative mark made up of the element “bet365” in different colors on a background of another color enables the public, if it establishes a link between that figurative mark and the applicant’s goods or services, to establish the same link between, on the one hand, the contested mark used alone for the same purposes and, on the other hand, those goods or services.”

As for the distinction between use of bet365 to identify the EUTM owner’s website, on the one hand, and trademark use on the other, the General Court noted the distinction but, equally, noted that “it is not impossible to use the same element as a mark in the context of another use, for example, as all or part of the name of a website.” The Court ruled that the Board of Appeal had erred in excluding the possibility that use of “BET365” as a website name could constitute trademark use, contributing to its distinctive character.

In the particular context of the case, the General Court held that account should be taken of a number of factors, including that the element “bet365” was found in all the marks that the EUTM owner uses to identify its services. Other factors to be considered were that “its website is its main gambling and betting sales channel, . . . in that sector, most of the marks used by online operators are, like the contested mark, inherently descriptive and, . . . it is well known that betters and players are, in the very great majority of cases, regular customers.” Accordingly, held the court, it was reasonable to consider that, “except with regard to certain new players or betters for whom the experience is new, a customer who connects to the applicant’s website at “www.bet365.com” does not do so by chance and uses the contested mark or its derived marks to identify services offered by the applicant, as opposed to services offered by its competitors, in the same way as a customer returning to a shop whose sign corresponds to the mark of the goods and services that he is looking for, which are sold there.”

The Court held that evidence of traffic to the EUTM owner’s website, website rankings, the number of new player registrations on the website, and so forth, could be valuable in establishing the contribution that the uses of the mark on the website made to the mark’s distinctive character. The court also held that evidence

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104 Id. para. 39.
105 Id. para. 42.
106 Id. para. 44.
comprising financial information regarding the commission payable to third party websites operating in the EUTM owner’s affiliate program was relevant in helping to establish the use and attractive power of the BET365 mark. It distinguished the present case from previous decisions that had involved website names, where the websites concerned had not been used for commercial or advertising functions under the mark, or in which no evidence had been adduced showing the market impact that the website concerned would have had.

The General Court made a similar point about evidence showing use of BET365 as a company name. The Board of Appeal had been wrong, again, to dismiss its potential relevance without examining how, in fact, some of the use may have contributed to building the distinctive character of the mark.

Evidence relating to BET365 as a company included press and media materials, and the General Court distinguished the relative significance of different items within this general category in the following way:

In the present case, it is with difficulty that general information, in particular of a financial nature, concerning the applicant in the financial press or more personal information concerning the directors of that company can illustrate use of the contested mark, even if it can, as the case may be, provide indirect information concerning the success of that mark and its derived marks, since all the marks used by the applicant to identify its services in general use the element “bet365” . . . By contrast, the appearance of that element . . . in the sporting press or specialist gambling and betting press, for example, in association with betting odds, a comparison of services offered by different providers, or in the context of sponsorship of sporting events which constitute the betting medium, clearly illustrate its use as a mark in order to designate the origin of the services proposed or referred to, to distinguish them from services of the applicant’s competitors and, as the case may be, to promote them.107

The reference to the use of the mark in sponsored events is interesting, and was picked up again in the Court’s review of the evidence filed. “Sponsored sporting events having names including the element “bet365” are also referred to in those articles. Such appearances of that element illustrate its use as a mark, since references of that type are used to identify which operator has offered particular betting odds, or made a particular comment about a competitor participating in a particular event or which betting operator is sponsoring a sporting event which constitutes the

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107 Id. para. 51.
On the other hand, the Court found that mere evidence of the EUTM owner’s sponsorship of the English football club Stoke City had limited value in establishing the mark’s distinctive character.

The General Court examined the evidence that the EUTM owner had put forward, including very detailed evidence of the role and success of the website, together with figures and collateral relating to the EUTM owner’s marketing and advertising campaigns. The EUTM owner had complained that the Board of Appeal had wrongly penalized it for failing to submit evidence of an opinion poll demonstrating the public perception of its mark (or testimony to similar effect from a chamber of commerce). The General Court refrained from comment on this since it found this to be unnecessary; it was clear already, to the General Court, that the Board of Appeal’s approach to the characterization and evaluation of the evidence actually submitted had been incorrect. Although it could not reach its own final determination—merely annulling the decision of the Board of Appeal so that it might be reconsidered—the General Court concluded that the evidence that had been filed “may effectively help to show whether the contested mark has acquired distinctive character through use in the relevant territory.”

Factors in favor of the EUTM owner in the present case included that the mark may be considered to lack inherent distinctiveness (if at all) in only a certain selected group of EU countries, and that BET365 (subject to relatively minor variations and add-ons) was effectively the only name and mark used by the EUTM owner throughout its (very extensive) operations. However, even in the absence of direct evidence from the public as to the acquired distinctiveness of its mark, the EUTM owner certainly improved its own chances by adducing a great weight of detailed evidence and by explaining its relevance and significance carefully.

V. RELATIVE GROUNDS FOR REFUSAL OF REGISTRATION—CONFLICT WITH EARLIER RIGHTS

A. Introductory Comments

This Part IV relates to claims that a trademark should be refused registration, or that the registration should be declared invalid, on the basis of its conflict with an “earlier right.” The earlier right is most commonly an earlier registered trademark or trademark application, but there is also the possibility of challenge based on various kinds of unregistered rights.

108 Id. para. 58.
109 Id. para. 75.
So far as concerns conflict with earlier registered trademarks or trademark applications, there are three bases on which the application may be refused (or, if already registered, declared to be invalid):

(a) where the mark applied for is identical to the earlier mark, and the goods for which the applicant seeks to register it are identical to those for which the earlier mark is protected. The rules on “double-identity” cases of this kind are contained in Article 8(1)(a) of the 2017 EUTM Regulation and Article 4(1)(a) of the 2008 TM Directive;

(b) where the mark applied for is identical or similar to the earlier mark, the goods for which the applicant seeks to register it are identical or similar to those for which the earlier mark is protected, and there is as a result a likelihood of confusion. This is, naturally, where most of the case law arises. The provisions on this are set out in Article 8(1)(b) of the 2017 EUTM Regulation and Article 4(1)(b) of the 2008 TM Directive; and

(c) where the use of the mark applied for would offend either or both of the EU law principles of what may (for convenience) be called trademark dilution and unfair advantage.

The rules on dilution and unfair advantage apply only in situations in which the earlier mark has a reputation in the EU, or in the relevant EU Member State. Claims of this type may be brought irrespective of whether or not the application being contested covers goods or services identical or similar to those for which the earlier mark is protected or has acquired its reputation. A similarity between the marks is still a requirement, although it need not be of a degree likely to result in confusion. The basis for such claims is that the use of the junior mark would take unfair advantage of, or be detrimental to, the distinctive character or the reputation of the senior mark.

The dilution and unfair advantage rules relating to EU trademarks are found in Article 8(5) of the 2017 EUTM Regulation. The corresponding rules relating to applications proceeding before the national trademark authorities of the EU Member States are set out in Articles 4(3) and 4(4)(a) of the 2008 TM Directive, dealing, respectively, with the protection of earlier EUTMs and earlier national trademarks. (These provisions are modified in the 2015 TM Directive—see below.)

There is a wide range of possibilities for challenges to trademark applications (or, by way of cancellation action, to registered marks) based on other types of earlier rights. These include claims based on unregistered trademarks, copyright, and protected geographical indications. Relevant provisions are found in Articles 8(4) and 8(6) of the 2017 EUTM Regulation and in
Article 60 of the 2017 EUTM Regulation (corresponding to Article 53 in the old EUTM Regulation), and in Article 4(4) of the 2008 TM Directive.

The cases in Part V are mostly from the General Court but they include one CJEU case, two each from England and Germany, respectively, and interesting cases from France and Denmark. The first nine cases deal with the comparison of marks under Article 8(1)(b) of the 2009 EUTM Regulation (now Article 8(1)(b) of the 2015 EUTM Regulation) or its equivalents. The five cases that follow next deal with opposition or invalidity claims based on earlier unregistered rights, chiefly under Article 8(4) of the 2009 EUTM Regulation (now Article 8(4) of the 2017 EUTM Regulation), but also in one case dealing with rights in the name of a country. The last four cases deal with challenges based on Article 8(5) of the 2009 EUTM Regulation (now Article 8(5) of the 2017 EUTM Regulation), being claims relying on the extended forms of protection under the earlier registered mark based on its reputation.

B. Legal Texts

Article 8 of the 2017 EUTM Regulation

1. Upon opposition by the proprietor of an earlier trademark, the trademark applied for shall not be registered:
   (a) if it is identical with the earlier trademark and the goods and services for which registration is applied for are identical with the goods or services for which the earlier trademark is protected;
   (b) if, because of its identity with, or similarity to, the earlier trademark and the identity or similarity of the goods or services covered by the trademarks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trademark is protected; the likelihood of confusion includes the likelihood of association with the earlier trademark.

2. For the purposes of paragraph 1, “earlier trademark” means:
   (a) trademarks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the EU trademark, taking account, where appropriate, of the priorities claimed in respect of those trademarks:
      (i) EU trademarks;
      (ii) trademarks registered in a Member State, or, in the case of Belgium, the Netherlands or
Luxembourg, at the Benelux Office for Intellectual Property;

(iii) trademarks registered under international arrangements which have effect in a Member State;

(iv) trademarks registered under international arrangements which have effect in the Union;

(b) applications for the trademarks referred to in point (a), subject to their registration;

(c) trademarks which, on the date of application for registration of the EU trademark, or, where appropriate, of the priority claimed in respect of the application for registration of the EU trademark, are well known in a Member State, in the sense in which the words “well known” are used in Article 6bis of the Paris Convention.

3. [Omitted].

4. Upon opposition by the proprietor of a non-registered trademark or of another sign used in the course of trade of more than mere local significance, the trademark applied for shall not be registered where and to the extent that, pursuant to the [EU] legislation or the law of the Member State governing that sign:

(a) rights to that sign were acquired prior to the date of application for registration of the EU trademark, or the date of the priority claimed for the application for registration of the EU trademark;

(b) that sign confers on its proprietor the right to prohibit the use of a subsequent trademark.

5. Upon opposition by the proprietor of an earlier trademark within the meaning of paragraph 2, the trademark applied for shall not be registered where it is identical with, or similar to an earlier trademark, irrespective of whether the goods or services for which it is applied are identical with, similar to, or not similar to those for which the earlier trademark is registered, where, in the case of an earlier EU trademark, the trademark has a reputation in [the Union] or, in the case of an earlier national trademark, the trademark has a reputation in the Member State concerned, and where the use without due cause of the trademark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trademark.

6. [Omitted].
Article 60 of the 2017 EUTM Regulation

1. An EU trademark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:
   (a) where there is an earlier trademark as referred to in Article 8(2) and the conditions set out in paragraph 1 or paragraph 5 of that Article are fulfilled;
   (b) [Omitted];
   (c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled.
   (d) [Omitted].

2. An EU trademark shall also be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings where the use of such trademark may be prohibited pursuant to another earlier right under [EU] legislation or national law governing its protection, and in particular:
   (a) a right to a name;
   (b) a right of personal portrayal;
   (c) a copyright;
   (d) an industrial property right.

[Note: Articles 60(3) to 60(5) have been omitted.]

Article 4 of the 2008 TM Directive

[Note: In the 2015 TM Directive the corresponding provisions are found in Article 5.]

1. A trademark shall not be registered or, if registered, shall be liable to be declared invalid:
   (a) if it is identical with the earlier trademark, and the goods or services for which registration is applied for or is registered are identical with the goods or services for which the earlier trademark is protected;
   (b) if because of its identity with, or similarity to, the earlier trademark and the identity or similarity of the goods or services covered by the trademarks, there exists a likelihood of confusion on the part of the
public; the likelihood of confusion includes the likelihood of association with the earlier trademark.

2. “Earlier trademarks” within the meaning of paragraph 1 means:

(a) trademarks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trademark, taking account, where appropriate, of the priorities claimed in respect of those trademarks;

(i) EU trademarks;

(ii) trademarks registered in the Member State or, in the case of Belgium, Luxembourg or the Netherlands, at the Benelux Office for Intellectual Property;

(iii) trademarks registered under international arrangements which have effect in the Member State;

(b) EU trademarks which validly claim seniority, in accordance with [the EUTM Regulation] from a trademark referred to in (a)(ii) and (iii), even when the latter trademark has been surrendered or allowed to lapse;

(c) applications for the trademarks referred to in points (a) and (b), subject to their registration;

(d) trademarks which, on the date of application for registration of the trademark, or, where appropriate, of the priority claimed in respect of the application for registration of the trademark, are well known in a Member State, in the sense in which the words “well known” are used in Article 6bis of the Paris Convention.

3. A trademark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier EU trademark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services [which are not similar to those for which the earlier EU trademark is registered], where the earlier EU trademark has a reputation in the Union and where the use of the later trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier EU trademark.

4. Any Member State may, in addition, provide that a trademark shall not be registered or, if registered, shall
be liable to be declared invalid where, and to the extent that:

(a) the trademark is identical with, or similar to, an earlier national trademark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services [which are not similar to those for which the earlier trademark is registered], where the earlier trademark has a reputation in the Member State concerned and where the use of the later trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trademark;

(b) rights to a non-registered trademark or to another sign used in the course of trade were acquired prior to the date of application for registration of subsequent trademark, or the date of the priority claimed for the application for registration of the subsequent trademark, and that non-registered trademark or other sign confers on its proprietor the right to prohibit the use of a subsequent trademark;

(c) the use of the trademark may be prohibited by virtue of an earlier right other than the rights referred to in paragraph 2 and point (b) of this paragraph and in particular:
   (i) a right to a name;
   (ii) a right of personal portrayal;
   (iii) a copyright;
   (iv) an industrial property right;

(d) – (g) [Omitted].

5. The Member States may permit that in appropriate circumstances registration need not be refused or the trademark need not be declared invalid where the proprietor of the earlier trademark or other earlier right consents to the registration of the later trademark.

6. Any Member State may provide that, by derogation from paragraphs 1 to 5, the grounds for refusal of registration or invalidity in force in that State prior to the date of the entry into force of the provisions necessary to comply with the [EUTM Directive], shall apply to trademarks for which application has been made prior to that date.

[Note: By virtue of CJEU case law, the wording of Articles 4(3) and 4(4)(a) of the 2008 TM Directive which appears above in square brackets is effectively to be ignored. In other words, the rule applies whether or not the goods and services in question are similar, including in situations where the
goods and services are identical. The 2015 TM Directive includes revised wording to reflect this, at Article 5(3)(a). The new provision in Article 5(3)(a) of the 2015 TM Directive covers both earlier registered national trademarks as well as earlier EUTMs. This means that, under the new 2015 TM Directive, it is mandatory rather than permissive for EU Member States to protect earlier national marks with a reputation from dilution, or the taking of unfair advantage, in the same way as they are required to protect EUTMs with a reputation.]

C. Cases

1. EU—EU General Court—What is the impact on similarity and likelihood of confusion of the fact that one of the two marks under comparison conveys a “personified” rendition of content that is, in other respects, analogous with the other mark?

The EU General Court’s ruling of September 20, 2017, in Jordi Nogues, SL v. EUIPO—Grupo Osborne (BADTORO),110 deals with similar subject matter to the Spanish Supreme Court case dealt with above.

The case concerns an opposition to an EUTM application filed by the applicant, Jordi Nogues, SL, for the figurative mark shown here:

![BADTORO](image)

The application was filed in Classes 25 (clothing, footwear, and headgear), Class 34 (tobacco and smokers’ articles) and Class 35 (for a range of import/export and agency services, marketing and management services, and retail services connected with a range of consumer products).

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The opponent, Grupo Osborne, SA, relied on earlier Spanish and EU trademarks in respect of the word mark TORO and the figurative mark show here:

![TORO](image)

The opponent's registrations were in Classes 25, 24, 34, and 35 and covered goods and services that were, in the main, identical to those of the contested mark.

The ground relied on in the opposition was likelihood of confusion under Article 8(1)(b) of the 2009 EUTM Regulation. The opposition was upheld by the Opposition Division, and again, on appeal, by the EUIPO Board of Appeal.

On the applicant's further appeal to the EU General Court, the issues under consideration were the correct appreciation of the contested mark, the assessment of the degree of similarity, between the parties' respective marks, and the assessment of the existence (or otherwise) of a likelihood of confusion. The EU General Court differed from the Board of Appeal, in finding that the marks had only a weak overall similarity, and in holding that—despite the fact that the goods of both parties were largely identical—there was no likelihood of confusion.

According to the General Court, the Board of Appeal had fallen into error in finding the “toro” element of the contested mark to have a greater significance that it actually has.

For the General Court, the starting point was a proper appreciation of the figurative element of the contested mark, which, because of its particular intrinsic qualities, could rank equally with the word elements of the BADTORO mark. The court clearly found the image particularly striking:

In the present case, the figurative element of the mark applied for is a fanciful drawing of a bull with big horns and angry eyes. In that regard, first, its protuberant size in the mark applied for far exceeds that of the word element. Second, the figurative element is positioned above the word element. Third, the depicted bull is sturdy, black and particularly original. In those circumstances, it must be held . . . that the fancifulness and the size of the figurative element are capable of diverting the attention of the relevant public away from the word element, positioned below. The applicant’s submission that the Board of Appeal wrongly held . . . that none of the combined elements of the mark applied for dominated the visual impression is therefore well founded. Consequently, the word element of the mark
applied for, including the word ‘toro’, occupies a secondary position in the mark applied for.\textsuperscript{111} The importance attaching to the figurative element did not mean that the verbal element could be ignored. However, the General Court considered that the Board of Appeal had misapplied the CJEU’s ruling in \textit{Medion}\textsuperscript{112} of October 6, 2005 in assigning an independent distinctive role to the “TORO” element of the verbal component “BADTORO.” Although admittedly those who understand that “TORO” means “bull” in Spanish could identify that word, as such, within the mark, the relevant public were liable to see the verbal component as a whole as a reference to the fanciful representation of a bull. Given the predominance of the figurative component and its originality, the Court considered, this figurative element would probably be the element that the public would require and remember—more than the animal “bull” in and of itself. “It follows that the word element ‘badtoro’ will be considered in conjunction with the figurative element, the whole forming a logical unit going beyond the mere name of the animal reproduced in the earlier marks.”\textsuperscript{113}

The original and striking quality of the “bad” bull in the contested mark also played a significant role in the court’s assessment of visual similarity between the marks. The General Court noted that, in contrast to the “classic and complete” side view of the bull in the opponent’s figurative marks, the mark applied for featured a fanciful bull viewed from the front, with “three legs and protuberant horns and prominent white eyes.” The court found that the parties’ respective marks had, at most, a very low degree of visual similarity.

Similarly, with regard to the conceptual similarity of the parties’ marks, the special qualities of the bad bull weighed heavily in the court’s assessment. Although accepting that the common conceptual reference to the bull in the marks lent them a degree of conceptual similarity, the conceptual comparison was strongly influenced by the personification of the bad bull: “ . . .although the common reference to the concept of a bull is evident from the signs at issue, the bull depicted in the mark applied for is more akin, as the applicant claims, to a mascot or a character differing from the animal merely referred to or depicted in the earlier marks. Thus, contrary to the name ‘toro’ and to the classic silhouette of a bull depicted in the earlier figurative mark, the bull featuring in the mark applied for is personified, inter alia through its eyes, which,

\begin{footnotesize}
\begin{enumerate}
\item[\textsuperscript{112}] C-130/04 (CJEU, Oct. 6, 2005) (EU:C:2005:594).
\end{enumerate}
\end{footnotesize}
as the applicant claims, convey a malevolent or defiant character. Furthermore, the animal is very fancifully depicted, with disproportionately sized horns and only three legs. In the light of the expression of the bull thus depicted, the word element ‘badtoro’ could be perceived as the name of that character.”

The General Court concluded that the similarity between the marks was weak. Although it went on to consider the likelihood of confusion, the court concluded that, even though the goods were largely identical consumer products, the differences between them made it highly unlikely that consumers could believe they had the same trade origin.

2. Germany—German Federal Supreme Court—What is the degree of distinctiveness that an EUTM registered on the basis of acquired distinctiveness should be regarded as having?

On November 9, 2017, the German Federal Supreme Court rendered its decision in the Oxford v. Oxford Club case, in which it held that an EU trademark that has been registered on the basis of acquired distinctiveness enjoys, as a rule, average distinctiveness.

In the underlying case, the German PTO had rejected an opposition brought by the Oxford University Press, on the basis of its EU trademark OXFORD, against the German trademark OXFORD CLUB of the publisher FID Verlag. The appeal filed against this decision had been unsuccessful, as the German Federal Patent Court considered the distinctiveness of the opponent’s mark OXFORD to be low. This is because Oxford is known to the German public as the well-known city but not as a reference to a business undertaking, and the Oxford University Press had not submitted evidence in the EUIPO application proceedings (i.e., the proceedings that led to its registration as an EUTM) that “Oxford” had acquired distinctiveness in Germany.

The German Federal Supreme Court confirmed that finding. It held that, as a rule, EU trademarks which acquired their distinctiveness through use enjoy an average degree of distinctiveness. To consider them to be of low distinctiveness only would therefore require evidence that, in the individual case in hand, this is, in fact, the situation. However, since, according to the practice of the CJEU, claiming acquired distinctiveness does not necessarily require evidence of such distinctiveness in every EU member state (Lindt & Sprüngli), EU trademarks registered on

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114 Id. para. 60.
115 Case No. I ZB 45/16 (German Federal Supreme Court, Nov. 9, 2017).
this basis should, in the view of the German court, be considered to enjoy only a minimal distinctiveness in EU member states for which no evidence of acquired distinctiveness had been submitted. Conversely, an average degree of distinctiveness could be claimed only for those states for which such evidence had been submitted. As such evidence had not been submitted for Germany in the application proceedings, Oxford University Press should have submitted the evidence in the German opposition proceedings if it wished to establish distinctiveness for its OXFORD mark at the average level in Germany.

With this decision, the German Federal Supreme Court—which is both Germany's highest national and highest EU trademark court—brings the court's practice regarding the degree of distinctiveness of EU trademarks into line with the practice regarding national German trademarks. It is, however, a consequence of the decision in this case that the rule on average distinctiveness as applied in Germany to EUTMs is limited to those EU member states for which the acquired distinctiveness had been proven.

The ruling of the German Supreme Court includes a decision as to the burden of substantiation and proof that will apply in Germany, when a claimant or opponent relies on an EUTM registered on the basis of acquired distinctiveness. For EU member states for which no evidence of acquired distinctiveness had been submitted, the opponent in an opposition proceeding (or the plaintiff in a court action) has the burden of proving an average degree of acquired distinctiveness; for EU member states for which evidence of acquired distinctiveness had been submitted, on the other hand, the defendant would have to prove that the degree of distinctiveness is only low.

In the decided case, it was therefore not even necessary for FID Verlag to refer to the general perception of Oxford as the city name rather than a trademark. Instead, it would have been sufficient for it to point out that the opponent had omitted to prove the acquired distinctiveness for Germany during the application process. (Conversely, Oxford University Press would not have had to justify the claim to an average degree of distinctiveness if the acquired distinctiveness of its OXFORD mark had been proven for Germany during the application process).

This means that, for German lawsuits based on EU trademarks registered on the basis of acquired distinctiveness, the extent of the evidence filed during the application proceeding can therefore determine the territorial extent of the infringement and justification of the claims raised.
After the General Court had ruled in the *KitKat*\(^{117}\) case that it required proof of acquired distinctiveness for each and every EU Member State, this question is now pending before the CJEU (in Cases C-84/17 P and C-85/17 P). As indicated by other cases noted in this year’s review, it is increasingly difficult to obtain EU trademark protection on the basis of acquired distinctiveness, particularly in cases where the evidence is confined to only selected EU Member States. However, conversely, where protection is obtained on that basis, it will be even more difficult for the defendant to prove that the degree of distinctiveness of the trademark is only low.

As a side note it may be mentioned that this decision is also in line with the German Federal Supreme Court’s practice according to which EU trademarks can claim the special protection of well-known marks only in those EU member states in which they are indeed (and demonstrated by evidence to be) well-known (*Volkswagen/Volks.Inspektion*\(^{118}\)). While fame in only a few or even a single EU member state may grant a trademark access to the special protection of well-known marks (*Pago*\(^{119}\)), an actual encroachment of the extended scope of protection requires (in the interpretation of the German courts, at least) that the trademark is well-known in the member state in which it is said to be infringed—as otherwise there is no reputation that could be exploited or impaired.

3. EU—EU General Court—Can the unusual grammatical form of a trademark alter its meaning to an extent that distinguishes it from a mark with otherwise-comparable verbal content?

A short note suffices to relate the latest round in opposition proceedings that have featured twice previously in the Annual Review. The case is *Groupe Léa Nature SA v. EUIPO—Debonair Trading Internacional*,\(^{120}\) in which the General Court gave a ruling on June 8, 2017. This is the second time the case had come before the General Court. On this occasion the visit to the General Court followed on from a ruling of the CJEU on October 27, 2016 (*Debonair Trading Internacional v. EUIPO*\(^{121}\)), which had set aside the earlier General Court ruling.

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\(^{117}\) Case No. T-112/13 (GC, Dec. 15, 2016).

\(^{118}\) Case No. I ZR 214/11 (German Federal Supreme Court, Apr. 11, 2013).

\(^{119}\) Case No. C-301/07, para. 27, 29 (CJEU, Oct. 6, 2009).

\(^{120}\) Case T-341/13 RENV (GC, June 8, 2017) (ECLI:EU:T:2017:381).

The opposition relates to an application filed in 2008 by the appellant, Groupe Léa Nature, to register the mark shown here as an EUTM:

![The mark shown here](image)

The application was made in Classes 3 and 25. The Class 3 goods included both cosmetics, on the one hand, and household cleaning products, on the other.

The opponent, Debonair Trading Internacional Lda, owned earlier EU and UK registrations for the mark “So . . . ?” The registrations covered, between them, a full range of Class 25 products and cosmetics in Class 3. These goods were therefore identical, to that extent, to those covered by the contested application. However, the earlier registered rights on which Debonair relied did not cover household cleaning products.

The questions before the EU General Court were, essentially, whether or not the similarities between the marks were such that the opponent’s Article 8(1)(b) claim should succeed in respect of identical goods, and whether or not the opponent’s Article 8(5) claim, based on tarnishment, should succeed in relation to the goods which were not identical—i.e., the household cleaning products.

Previous decisions on the matter had raised the question of whether the opponent could validly improve its case by reference to the “family of marks” argument that it had sought to run, and whether the term “so” would possess a laudatory function if it were not accompanied by some other word. Neither of these issues featured in the present decision. The EU General Court proceeded on the basis of a straightforward comparison of the marks. The General Court concluded that they had visual and phonetic similarities and, on that basis, an overall similarity, which the court found sufficient (on a global assessment) to give rise to a likelihood of confusion insofar as the goods were identical. The strong acquired distinctiveness of the earlier marks was also a factor.

In the course of its analysis the General Court held that the marks were not conceptually similar. The General Court refused, however, to go further and engage with the appellant’s arguments that the marks, respectively, contained an important semantic dissimilarity—the earlier marks being presented in an unusual grammatical form, which appeared to pose a question. The General Court held these arguments to be ineffective since the appellant was not contesting the finding that the marks were conceptually not
similar. This is potentially significant, since there are cases in which an acknowledged conceptual divergence between the marks can outweigh visual and oral similarities and eliminate any real prospect of confusion.

As regards the Article 8(5) claim, the General Court concluded: “. . . it is the conflicting nature of the goods covered by the marks at issue that makes it possible to hold that there is a 'risk of tarnishment' of the image associated with the earlier mark which is registered in respect of cosmetic products. As the Board of Appeal correctly found, the fact that the mark applied for is to be used for cleaning products strengthens the likelihood that the relevant public will make a negative connection with the earlier marks, which have a reputation for cosmetics, thinking that the goods marketed under the earlier marks contain substances which are toxic or a danger to health.”

The unsuccessful appellant has again appealed the case to the CJEU, arguing that the General Court’s analysis was wrong in all relevant particulars in respect of both Article 8(1)(h) and Article 8(5). The case is proceeding under number C-505/17.

4. Germany—German Federal Patent Court—Should a trademark enjoy protection against another trademark corresponding only in a non-distinctive component?

In its Autoglas decision of August 2, 2017, the German Federal Patent Court held once more that a likelihood of confusion cannot be established on the basis of the correspondence of two composite trademarks only in a component that is non-distinctive.

In the underlying case, the German trademark application “junited® AUTOGLAS Neu-Ulm” had been opposed on the basis of the German trademark “Jacob AUTOGLAS.” Both trademarks concerned goods and services related to glass, and glass for automobiles. The German PTO had rejected the opposition. Upon appeal, the German Federal Patent Court upheld the PTO's decision. The correspondence of the trademarks in the component “AUTOGLAS” was not, in the court’s view, sufficient to establish a likelihood of confusion as this term is descriptive of the goods and services concerned.

The decision confirms that, in Germany, even though non-distinctive components could be relevant for the comparison of composite trademarks in that they influence the overall impression of a composite trademark, the presence of the non-distinctive element in both marks cannot constitute a relevant

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123  Case No. 28 W (pat) 564/16 (German Federal Patent Court, Aug. 2, 2017).
conflict between the trademarks. It can only increase a similarity that already exists between the distinctive components. The distinctive components in the present case—“Jacob” and “junited”—were, however, dissimilar.

The decision continues the general practice of the German PTO and courts according to which composite trademarks cannot be infringed by other composite trademarks if they correspond only in a non-distinctive component.\footnote{See, for the latest cases, the Federal Supreme Court decisions of January 14, 2016, Case No. I ZB 56/14, para. 37 (BioGourmet) and of April 28, 2016, Case No. I ZR 254/14, para. 59 (Kinderstube), and the Federal Patent Court decision of December 6, 2016, Case No. 24 W (pat) 6/15 and 7/15 (Egyptische Erde).} Otherwise, German theory holds, the fundamental rule not to protect non-distinctive signs but to keep them free for general use would be undermined: Even though they could not be protected, and thereby monopolized, by registering them on their own, the non-distinctive terms could be indirectly protected and monopolized if registered in combination with a distinctive component. If the non-distinctive term contained in a contested trademark fell within the scope of protection of the earlier composite trademark only because of the correspondence in the non-distinctive component, the use of the non-distinctive component could be contested, despite the fact that it should be kept free for general use.

While this corresponds to the practice of the EUIPO and national PTOs of the EU member states following the EUIPO convergence program CP 5, the practice of the CJEU and the EU General Court differs in that they have tended to find a likelihood of confusion on the basis only of correspondence between the marks in a non-distinctive component, so long as the non-distinctive component dominates the overall impression of the contest trademark.\footnote{See, e.g., the EU General Court decision of July 20, 2016, Case T-745/14, paras. 29-31, 40-44 (Easy Credit / easy credit), and the EU General Court decision of December 15, 2016, Case T-212/15, paras. 59-62 (Gourmet / Gourmet).}

5. EU—General Court—Can a shared figurative device suffice to make two marks similar overall despite the fact that one contains verbal content and the fact that the semantic content of the shared figurative element is indeterminate?

instalment in a case that has featured before in the Annual Review in the context of Article 8(5) of the 2009 EUTM Regulation. The present decision, reported here, concerns Art 8(1)(b).

The case involves an opposition against the appellant’s EUTM application relating to the mark shown here:

![WOLF](image)

The application was filed in 2006 and covers machines for professional and industrial processing of wood and green waste and professional and industrial wood chippers, in Class 7.

The opponent, Société Elmar Wolf, relied on several earlier marks, including the one shown immediately below, registered in France and Spain for various agricultural and garden implements and machines in Class 7. The mark has an acquired distinctiveness in France in respect of lawnmowers and brushcutters.

![Outils WOLF](image)

The opposition succeeded after an appeal by the opponent to the EUIPO Board of Appeal. That success was based on Article 8(5), and the opponent’s claims based on Article 8(1)(b) (likelihood of confusion) were then put aside for several years while the correctness of the Article 8(5) decision was debated by the EU General Court and CJEU, and ultimately discredited. However, the applicant’s success in this regard was short-lived since, when the case ultimately came back before the Board of Appeal, the Board of Appeal decided in favor of the opponent on Article 8(1)(b) grounds. It is that decision that is the subject of the further appeal to the EU General Court that resulted in the present ruling.

The General Court upheld the Board of Appeal’s decision, holding the marks to be similar overall to an average degree. On a global assessment of the factors in play, noting in particular the high degree of similarity between the parties’ respective goods and the highly distinctive character—both inherent and acquired—of
the earlier mark, the General Court considered there to be a likelihood of confusion.

The General Court’s assessment of similarity was interesting, given that the mark applied for was a pure device mark, whereas the earlier mark under consideration, shown above, included important verbal elements.

As regards the visual comparison, the shared figurative element in both marks—a canine head with a menacing expression—drove the General Court to the conclusion that similarity of an average degree must be considered to exist between the marks, despite the fact that the opponent’s mark also included word elements and that there were discernable differences between the images. On the latter point the Court noted that the mark applied for was more naturalistic and detailed than the earlier mark. The court noted also that the earlier mark was presented in a way that made the figurative element particularly important: It was visually dominant because of its central position, its relatively large size, and the circle surrounding it; it was visually striking, because of its menacing expression and its black-on-white graphics; and it was distinctive in relation to the goods at issue, whereas one of the two word elements, “outils,” was inherently descriptive of the goods at issue. The consumer’s attention would therefore focus at least as much on the figurative element as on the words.

Conceptual similarity was confirmed on the basis that the marks each contained images with analogous semantic content—a canine head with a menacing expression. The presence of the word “WOLF” in the earlier mark could strengthen the connection for those EU consumers who speak English; conversely, the fact that the verbal elements were present in the earlier mark which might convey no meaning to the relevant public (particularly non-English speakers) did not make the marks conceptually different.

Although the visual and conceptual similarities sufficed to make the marks similar overall, they were held to be phonetically dissimilar. The court noted that a phonetic comparison is irrelevant where at least one of the marks is purely figurative since it cannot be pronounced as such. Case law indicates that where a purely figurative mark represents a shape that the public would easily recognize and associate with a specific, concrete word, the public would use that word to refer to the mark. However, the General Court considered that the semantic content of the contested mark was indeterminate—it might be a dog, a wolf or a fox. (As for the earlier mark, since it contained both figurative and verbal


128 “Outils” is French for tools.
components, it would be the verbal component that would be spoken.)

6. EU—EU General Court—Can the “small print” in a complex verbal/figurative mark be more important than more prominent verbal elements of the mark in distinguishing it from an earlier word mark?

The EU General Court decision in *Alma—The Soul of Italian Wine LLLP v. EUIPO*¹²⁹ is interesting primarily for its analysis of the contested mark, and its consequential findings on likelihood of confusion and the prospect that the relevant public would make a link between the contested mark and the earlier mark. It also demonstrates an effective deployment of evidence to show that the presence of similar marks in actual use in the same field may have an impact on distinctive character. The decision was given on May 31, 2017.

The case involved an opposition between two wine trademarks. The contested mark, which the appellant was seeking to register as an EUTM, is shown here:

![Sotto il sole italiano](image)

The earlier marks relied on by the opponent, Spanish wine producer Miguel Torres, SA, included the word mark VIÑA SOL. In the present appeal, the EUTM applicant was contesting a decision by the EUIPO Board of Appeal, which had found in favor of the opponent under both Article 8(1)(b) of the 2009 EUTM Regulation (likelihood of confusion) and Article 8(5) of the Regulation (enhanced protection for marks with a reputation).

The appeal to the EU General Court succeeded in respect of both Article 8(1)(b) and Article 8(5) on the basis of the General Court’s findings that the marks had only a low degree of overall similarity and that the earlier mark had only a low degree of distinctive character.

character. The General Court concluded that these factors, even though the goods were identical and even though the earlier mark had an established reputation, ruled out the risk of confusion or even that the use of the contested mark would call the earlier mark to the mind of the relevant public.

Before going further it should be mentioned that VIÑA SOL, the earlier mark, is Spanish for “vineyard of the sun.” In the contested mark, the words “Sotto il Sole” mean “under the sun” in Italian. Both marks therefore referred to sun, but the words used to convey this were in different languages and were spelled differently.

The appellant’s success before the General Court was due, in part, to its effectiveness in establishing that, having regard to existing marks, the notion of “sun” had a low distinctiveness because it was commonplace among wine trademarks. Although applicants defending EUIPO oppositions repeatedly fail to establish their argument that the opponent’s mark is diluted by the presence of many similar marks on the register, the position is different where the evidence shows the similar marks to be in use. In the present case, “...as the applicant correctly points out, the evidence...namely extracts from a number of websites of various undertakings offering consumers in the European Union wines covered by trademarks that include the words ‘sol’, ‘sole’, ‘soleil’ or ‘sun’ and various images of the sun, makes it possible to conclude that EU consumers in general, and the relevant public in particular, are in fact frequently exposed to such marks, with the result that the association between the concept of the sun, on the one hand, and wine, on the other hand, is not unfamiliar to them.”

Another interesting feature of the case is the assessment by the General Court of the respective roles played by the different figurative and verbal elements in the contested mark and, in particular, the relative significance of the verbal element appearing above the image of the sun and the much larger verbal element appearing beneath it. This is how the General Court saw it:

“...the relevant consumer tends to memorise those elements which suggest a meaning for him. It is therefore likely that, in the word element ‘sotto il sole italiano’, the Spanish-speaking, Portuguese-speaking and French-speaking consumers, as well as the Italian-speaking consumers, will understand not only the term ‘sole’, but also the term ‘italiano’ as referring to Italy as the name of a possible place of production of the wine. It is also likely that that term will be understood by the majority of consumers in the European Union since, in a significant number of languages of the European Union, it also refers to that country.”

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130 Id. para. 62.
131 Id. para. 66.
The General Court went on, “It is true that the word element in the upper part of the mark applied for [ie “Sotto il Sole Italiano”] is in smaller letters than those used in the word element in the lower part of that mark [ie “Sotto il Sole”], but, since those letters are not stylised, they are also more legible, with the result that that makes it easier to read them. Faced with the mark applied for, consumers of wine, although their level of attention is average, will pay a certain amount of attention to the indication of origin of the wine they purchase, as it appears in that mark (see, to that effect, judgment of 9 March 2012, ELLA VALLEY VINEYARDS, T-32/10, EU:T:2012:118, paragraph 45). In those circumstances, it must be held that the dominant element in the mark applied for does not consist solely of the term “sole”, but of the association of the terms “sole” and “italiano”. The other elements are not, however, negligible.”

The result of the analysis—driven apparently by the relative ease with which consumers would grasp that “italiano” means Italian, and the importance that they would attach to this when buying a wine—was, according to the court’s analysis – to shift the consumer’s attention away from the larger and more prominent wording at the bottom to the wording at the top. Perhaps counterintuitively, the court concluded not that the dominant element of the contested mark overall was “Sotto il Sole,” but that it consisted of the association of the terms “sole” and “italiano.”

This finding had important ramifications when it came to the comparison of the marks in conceptual terms, since the court was comparing “vineyard of the sun” with “under the Italian sun,” rather than simply “under the sun.” Therefore, for those among the relevant public who spoke both Italian and Spanish, the marks were considered to convey a different meaning—driving out that degree of conceptual proximity that would arise simply by virtue of the common (and not very distinctive) reference to “sun.”

The analysis is fascinating but rather debatable. The result, however, reduced the overall similarity between the marks to a minimum, and was instrumental in the appellant’s success.

An appeal to the CJEU was dismissed by the CJEU on December 14, 2017 as being partly inadmissible and partly unfounded—the CJEU not being prepared to re-open the factual analysis.

132 Id. para. 67.

7. EU—General Court—Does the suggestion of the possessive “my” distinguish a mark prefixed “mi” from a mark prefixed “i” for technology goods?

In *Xiaomi, Inc. v. EUIPO—Apple (Mi PAD)*, the EU General Court upheld the EUIPO’s decision that the applicant’s EUTM application for Mi PAD conflicted with (inter alia) Apple Inc.’s earlier EUTM iPAD. The decision was given on December 5, 2017.

The Mi PAD application was filed in Classes 9 and 38. In Class 9 it covered a wide range of computer products and electronic devices, including tablet computers. The earlier Apple EUTM covered goods and services that were identical in part, and similar regarding the rest, to those of the Mi PAD application. Apple’s opposition was brought under various grounds including Article 8(1)(b) of the 2009 EUTM Regulation (corresponding to Article 8(1)(b) of the 2017 EUTM Regulation).

The applicant argued on appeal that, among other things, the relative public would be particularly attentive in their purchase of the goods and services in question—including relatively high-priced tablet computers—and would tend to discount the element “Pad,” featured in the marks, as an indicator of commercial origin. They would thus focus on the “i” and “Mi” elements, and would easily be able to perceive the differences between them. The EU General Court disagreed, holding, first, that the visual and phonetic differences between the marks resulting from the presence of the additional letter “M” at the beginning of Mi PAD would not rule out a likelihood of confusion, and, secondly, that the conceptual differences between the marks residing in the elements “Mi,” on the one hand, and “i,” on the other, would not offset their visual and phonetic similarities.

The General Court acknowledged case law to the effect that conceptual differences between two marks may counteract phonetic and visual similarities between them, provided that at least one of them has a clear and specific meaning. However, the General Court considered this not to be the situation in the present case. In the first place, neither of the two marks has any meaning for the non-English-speaking part of the relevant public in the EU. Secondly, the General Court considered that, even for English-speakers, the conceptual differences between “mi” and “i” were insufficient to remove the likelihood of confusion resulting from both the conceptual similarity created by the common element “pad” and their visual and phonetic similarities. This was all the more so in

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view of the high degree of similarity between the goods and services covered by those marks.

The General Court emphasized that a finding of a weak distinctive character in the earlier mark does not prevent a finding of likelihood of confusion where, as here, other factors in the global assessment counteract this—such as, in the present case, the degree of similarity between the trademarks and the goods and services that they cover.

8. EU—EU General Court—Could the durability of a product command a relatively high degree of attention among the purchasing public, even if the price of the item is not high?

The EU General Court delivered its judgment in *Migros-Genossenschafts-Bund v. EUIPO—Luigi Lavazza (CReMESPRESSO)*, on July 13, 2017. The case concerns an Article 8(1)(b)—based invalidity action relating to trademarks for coffee machines, ice cream makers, and electric ice crushers in Classes 7 and 11.

The trademarks concerned are CREMESSO, owned by the invalidity applicant—being the appellant before the General Court—and the figurative CReMESPRESSO mark shown here, which is the contested EUTM:

![CREMESSO](image)

The Board of Appeal had found the marks to have only a low degree of overall similarity, and had found the earlier mark to have a lower than average distinctiveness. Despite the fact that the goods protected by the rival marks, respectively, were to a large extent identical, the Board of Appeal considered that there was no likelihood of confusion. As part of its global assessment of the relevant factors, the Board of Appeal had held (according to the General Court’s recitations of its findings):

- the ‘Electric ice crushers’ and ‘Ice cream makers, ice cream machines, but also coffee machines’ in Classes 7 and 11 covered by the mark at issue are durable goods, which are acquired on an occasional basis and with respect to which

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consumers display a higher level of attention than with respect to everyday consumer goods. According to the Board of Appeal, the purchase of those goods — which are moreover not low-price essential goods — is made by attentive consumers, after careful consideration and following a careful visual examination, which leaves less room for an imperfect recollection of a certain earlier mark. As regards less well-informed consumers, who occasionally take an interest in the goods at issue, the Board of Appeal maintains that they would request, in any case, the opinion of professional sellers before making their purchase.

The appellant contested this finding, arguing that the Board of Appeal had made a fundamental error in holding the goods to be expensive and purchased with deliberation. The appellant adduced evidence of coffee machines selling for prices as low as EUR14.99 (under US $20.00), and argued that nowadays the goods concerned may be considered low-cost, mass-market goods that in no way require careful inspection and selection.

The General Court, however, rejected the significance of price alone, noting it to be an established principle that where a certain type of goods is not regularly purchased by consumers, that fact alone indicates that the consumers’ attention would be “rather high.” This conclusion, the General Court considered, held good for the Class 7 and 11 goods in question here, and could not be called into question by their availability at a low price. The court also considered that the durability of the goods concerned, irrespective of price, required (in itself) a higher level of attention at point of purchase. The court also thought it likely that the cited examples of very low price coffee machines were the exception rather than the rule.

Despite findings against the appellant on this point, the General Court upheld the appeal on the basis, essentially, that the General Court had wrongly calibrated the degree of similarity of the marks at too low a level.

9. EU—EU General Court—What is the effect of a limited co-existence agreement when assessing the likelihood of confusion between two marks?

In Agricola italiana alimentare SpA (AIA) v. EUIPO—Casa Montorsi (MONTORSI F. & F.), 138 the General Court had to rule on the impact of a co-existence agreement in the context of a trademark invalidity action based on Article 8(1)(b) (likelihood of confusion) grounds. Its decision was given on July 13, 2017.

The appellant contended that a co-existence agreement that it had concluded with the invalidity applicant amounted to a sufficient consent to the registration of the contested EUTM. The appellant also contended that the co-existence arrangement as provided for in the agreement was a complete answer to the likelihood of confusion allegation.

Article 53(3) of the 2009 EUTM Regulation (Art 60(3) of the 2017 Regulation) provides that “an [EUTM] may not be declared invalid where the proprietor of [the relevant earlier rights] consents expressly to the registration of [the EUTM] before submission of the application for a declaration of invalidity . . .”.

In the present case the invalidity applicant, Casa Montorsi Srl, held earlier rights by virtue of an Italian registered trademark.

The General Court noted that reliance on Article 53(3) requires evidence of an express consent to the registration of the EU mark. Citing earlier General Court authority, the judgment of June 3, 2015, in PenSA PHARMA v. OHIM—Ferring and Farmaceutisk Laboratorium Ferring (PENSA PHARMA and pensa, 139 the court noted that, although an express consent might be found in a co-existence agreement, the peaceful co-existence of the marks could not in itself take the place of the consent. The agreement of the proprietor of the earlier right to the EUTM application must be express.

In the present case, the parties’ agreement had been made in the context of an earlier dispute between them concerning an Italian trademark. Although apparently not expressly limited to Italy, the agreement certainly made no reference to the EU or to EUTMs. The agreement referred to the term “montorsi,” but not to the specific trademark—MONTORSI F. & F.—that was at issue in the present case. Additionally, among other things, the cross-undertakings given by the parties in that agreement referred to marks that they had “thus far” registered or used, as at the date of the agreement. The agreement had been concluded in 2000, whereas the contested EUTM had not been filed until 2007.

All in all, the General Court concluded that the agreement could not be considered to extend a consent to the later-filed EUTM.

It rejected the appellant’s argument that this outcome was artificial in view of the fact that the only earlier rights held by the invalidity applicant were in Italy. (The appellant’s point was that, according to the appellant, the invalidity applicant would be able to prevent the EUTM registration but could not have prevented the appellant from obtaining national rights throughout the EU outside Italy, or from enjoying its existing Italian rights by virtue of the existing co-existence arrangement.)

139 Cases T-544/12 and T-546/12, paras. 35, 37, 40, 49, and 51, not published (EU:T:2015:355).
As for the alternative argument relating to the effect (as such) of the parties’ agreed co-existence, the appellant’s case was that, in view of the agreement, the appellant ought not to be required to establish that the co-existence was based on the absence of a likelihood of confusion. It should have been sufficient, the appellant argued, to prove the co-existence agreement, which reflected the parties’ views on the matter, since an Article 8(1)(b) claim is a dispute relating merely to the parties’ interests inter se.

The General Court rejected this argument, citing General Court case law to the effect that co-existence may only be taken into account in the defense of an Article 8(1)(b) (likelihood of confusion) opposition/cancellation action if it is established that the co-existence is based on the absence of a likelihood of confusion between the marks concerned. Despite the fact that, in the present case, the co-existence was enshrined in an agreement between the parties, rather than merely being a state of affairs that had arisen in practice, the General Court ruled that the appellant ought to have adduced suitable evidence as to the absence of a likelihood of confusion in the form of declarations, opinion polls, and the like from the market.

10. EU—General Court—Does the requirement that the opponent’s earlier unregistered right should continue in existence at the time when the opposition is brought require the opponent to provide up-to-the-minute evidence of its use of the relevant mark or sign?

In Nelson Alfonso Egüed v. EUIPO—Jackson Family Farms (BYRON), the EU General Court dealt with an important issue relating to claims based on Article 8(4), relying on earlier unregistered rights. Its decision was given on July 18, 2017.

The case concerned an opposition to an EUTM application brought by a wine company under Article 8(4) of the 2009 EUTM Regulation. The earlier rights relied on in the case were claimed in respect of the United Kingdom—namely, the use of an unregistered trademark, BYRON, which had generated a goodwill in the United Kingdom and therefore provided the basis on which a passing-off claim might be brought under UK common law principles. According to the opponent, the available passing-off claim would enable it to

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contest the use of the mark for which the EUTM application had been made shown below, if the mark were to be used by the applicant in the United Kingdom for the goods, including wine, for which the EUTM registration was sought.

The opposition succeeded, and the opponent’s claim was upheld also by the Board of Appeal. On appeal to the General Court, the unsuccessful EUTM applicant submitted, among other things, that the evidence adduced by the opponent was insufficient to support the Art 8(4) claim.

One of the conditions to a successful Art 8(4) claim in an opposition is that the opponent should establish that the rights that he holds in the “non-registered trademark” or “other sign used in the course of trade” were acquired prior to the filing date of the contested EUTM application. In the present case the EUTM applicant complained that some of the evidence relied on by the opponent – a British Airways wine list which included its BYRON wines—post-dated the trademark application by some months. The EU General Court accepted, however, that the evidence had been properly taken into consideration as an indication, not of the acquisition of the earlier right prior to the date of the EUTM application—since other evidence had been filed for that purpose—but of the continued existence of the right as at the date of the opposition. According to Rule 19(2)(d) of the implementing Regulation, an opponent relying on Article 8(4) of the 2009 EUTM Regulation must provide evidence not only of the earlier right’s

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acquisition and the scope of its protection, but also that right’s continued existence.

Citing, by analogy, Baby Bambolina, the General Court held that the Rule 19(2)(d) requirement “presupposes as a matter of course that the sign in question must still be in use at the time of filing of the opposition notice.” With this in mind, the question arose of whether there was, taking into account not only the British Airways wine list (which post-dated the opposition notice by six months) but also the other evidence, which related to an earlier period, there was enough evidence to establish that the right relied upon (i.e., the UK passing-off right) continued to exist on the date of the opposition.

The opposition had been filed on June 21, 2012. The evidence that had been filed to demonstrate the opponent’s acquired goodwill ran up to January 23, 2012, leaving a five-month gap.

The General Court concluded that this relatively short gap was not material, citing UK case law and commentary for the purpose:

It has been established in the United Kingdom case-law that goodwill could survive the temporary cessation of business (decision of the Judicial Committee of the Privy Council, Star Industrial v Yap Kwee Kor, [1976] F.S.R. 256 PC), even if that cessation lasted several years (Wadlow, C., The Law of Passing-Off: Unfair Competition by Misrepresentation, 5th Edition, Sweet & Maxwell, London, 2016, point 3-223 et seq.).

In the light of that case-law, it must be concluded that, in the present case, even if there were a cessation in [the opponent’s] activity between the date on which the application for the contested mark was filed and the date of the opposition, the gap between those two dates is not long enough for the goodwill to have been capable of being extinguished solely on account of the passage of time.

This approach is consistent with the notion that it is the existence of the right as at the relevant date, rather than an up-to-the-minute continuation of use, that ought to count. However, the indication is that the lapse of more than a few months in the evidence of use leading up to the opposition date could be problematic for an opponent.

In a similar vein, the case of Repsol YPF, SA v. EUIPO—Basic (BASIC) is cautionary. This is also an Article 8(4) case, but in this

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145  Id. paras. 88-89.
instance the earlier right owner was relying in its earlier unregistered right in an invalidity challenge rather than an opposition. In an invalidity action, the invalidity applicant must not only prove that it had acquired its earlier right prior to the date of application or priority of the contested EUTM, but also that the right continued to exist as at the date of the invalidity application.

In this case the invalidity applicant, a German retailer called Basic AG Lebensmittelhandel was contesting Repsol’s application to register a BASIC logo as an EUTM for (inter alia) retail services. It relied on rights in the “Basic” name as a “business sign,” which is a protected form of commercial designation under German law. It put forward sufficient evidence of its acquisition of the relevant rights prior to the date of Repsol’s EUTM application in 2007, but the evidence of use that it supplied for the period between the filing date and the date of its invalidity application, in September 2011, was held by the General Court to be insufficient to satisfy the Article 8(4) requirement of “use of the sign relied on in the course of trade.”

Part of the problem was that, for this later period, the invalidity applicant, Basic AG placed too much reliance on an affidavit made by a professional associated with Basic AG itself. This, held the General Court could not be considered to be as reliable and credible as a third-party declaration would have been, in and of itself. It required extraneous material to support it. The court noted that such independent evidence was lacking from 2006 onwards, and particularly for 2011. Some materials were provided from 2010 and, although the indication is that they would have been substantially insufficient in any event, the court’s comments make clear that 2010 material, however good, would not have been as good as more up-to-the-minute material from 2011.

11. EU—EU General Court—In what circumstances would it not be incumbent on an Article 8(4) opponent to provide evidence of “trademark use” of the unregistered rights on which it is relying?

Article 8(4) of the 2009 EUTM Regulation (now Article 8(4) of the 2017 EUTM Regulation) provides a basis for opposition to the proprietor of “a non-registered trademark or another sign used in the course of trade of more than mere local significance.” The General Court case of Ellinikos Syndesmos Epicheiriseon gia ti Diacheirisi ton Diethnon Protypon GS1 v. EUIPO—520 BarcodeHellas,147 illustrates the importance of identifying correctly what, exactly, it is that an Article 8(4) opponent is relying on.

The case involved an opposition to an EUTM application for the registration of the mark shown here:

in respect of a very wide array of goods and services, spanning 18 Nice classes. The application was opposed by the Greek member of the international not-for-profit association GS1 AISBL. According to the opponent, GS1 AISBL designs and implements global standards and solutions for the supply chain, and claims property rights in the so-called GS1 numbering system, of which the GTIN (Global Trade Identification Number) is a building block. The GTIN-13 is a widely used product identification system, of which the first three digits represent prefixes which are reserved to individual countries. “520” and “521” are reserved for Greece.

The opposition failed. On appeal to the EU General Court, the main question was whether or not the EUIPO and Board of Appeal had correctly identified the earlier rights on which the opponent was relying.

The opposition form showed the following:

The EUIPO’s opposition division had understood that the right relied on was the following non-registered trademark:
The Board of Appeal had, for its part, endorsed this, but held that the identification of the right was neither clear nor precise. The Board of Appeal, nonetheless, proceeded on the basis of alternative hypotheses, one of which was that the opponent claimed one or more barcodes starting with the number 520; the other was that the claimed right was simply the non-registered trademark 520.

The General Court rejected both of these interpretations, finding the opposition to be completely clear as to the rights relied on. The opponent was not relying on a “non-registered trademark” at all, but on “another sign used in the course of trade”—this having been the significance of putting “other” in the box dealing with “Type of Mark” in the opposition form. It was therefore unsurprising that the Board of Appeal had considered there to have been no evidence of trademark use, since no trademark was being claimed. The opponent was relying simply on “520” as a sign other than a trademark. “Indeed, none of the parties disputes the fact that a barcode does not refer to trademark use and that it is not a trademark affixed to the product being sold but consists in technical information that is of no interest to the general public. The issue is whether the sign ‘520’, upon contractual and technical use, led professionals, economic operators that are consumers and buyers of products for logistics and traceability, especially Greek professionals, to perceive a connection with the GS1 system.”

The General Court also refused to take issue with the opponent having indicated, in its opposition, that the sign on which it was relying was protected for “Classes 1–45.” According to the General Court, there is no incumbency at all under the regulation for the opponent to indicate the goods and services in respect of what the sign relied upon is protected. This need only be done in relation to the goods and services for which the contested mark is being challenged. The General Court was quite clear that the IP Translator case could have no application here. That case requires clarity and precision when it comes to defining the goods and services specified in a trademark specification when a trademark application is filed. The case has nothing to say in the very different context of an Article 8(4) opposition.

The Board of Appeal decision, having been based on a false premise, was annulled.


12. EU—CJEU—May the EU General Court have regard to subsequent developments in the national law of an EU Member State in an appeal case relating to the national law in question?

The question arose in *EUIPO v. Gilbert Szajner*. The CJEU gave its ruling on April 5, 2017.

The case was an appeal case in an EUTM cancellation action relating to the EUTM LAGUIOLE, registered for (inter alia) a wide range of goods in Classes 8, 14, 16, 18, 20, 21, 28, and 34. The cancellation action was brought under Articles 8(4) and 53(1)(c) of the 2009 EUTM Regulation, Article 8(4) of the 2009 EUTM Regulation (which corresponds to Article 8(4) of the 2017 EUTM Regulation) provides a basis for opposition to an EUTM application based on the ownership of unregistered earlier rights in the sign in question. Article 53(1) of the 2009 EUTM Regulation (corresponding to Article 60(1) of the 2017 EUTM Regulation) allows a cancellation action to be brought on the same basis.

A claim based on Article 8(4) may be made by reference to earlier rights provided by the laws of one or more individual EU Member States. In the present case, the claim related to French law, and the rights were afforded by Article L.711-4 of France’s Code de la propriété intellectuelle (“IPC”). This provides:

A sign may not be adopted as a trademark if it interferes with prior rights, in particular:

. . .

(b) a business name or corporate name, if there is a likelihood of confusion on the part of the public; . . .

The cancellation applicant, a corporate entity called Forge de Languiole SARL, relied on its rights under Article L.711-4 in the business name Forge de Languiole. The company’s objects were the “manufacture and sale of all cutlery articles, scissors, gifts articles and souvenirs—all tableware-related articles.” In practice, however, the business actually conducted under the Forge de Languiole name was narrower than permitted by the company’s objects. The cancellation action was dismissed by the EUIPO’s cancellation division, but the EUIPO Board of Appeal upheld an appeal and determined that the cancellation action should succeed in respect of all goods. The Board of Appeal considered that all of the goods covered by the contested EUTM encroached on the Forge de Languiole business.

However, a subsequent appeal by the EUTM owner to the EU General Court was partially successful. The General Court...
determined that the mark should be cancelled for certain selected goods in Classes 8, 16, 21, and 34, but annulled the Board of Appeal decision as regards the other goods.

The trademark owner’s success in the EU General Court was owed in large part to his reliance, before the General Court, on a judgment of France’s Cour de Cassation handed down on July 10, 2012. This decision provided an interpretation of the relevant French law, Article L.711-4 of the IPC, which gave a narrower scope of protection to the owner of a French business name than earlier French case law had done. The French decision of July 10, 2012, post-dated the decision of the Board of Appeal in the EUTM cancellation proceedings; the Board of Appeal had relied on an earlier decision of the French Cour de Cassation, dated May 21, 1996. According to this earlier decision, a claim under Article L.711-4 of the IPC should take into consideration the objects of the owner of the business name rights in question, without taking into account the scope of business actually pursued. The later, 2012, French decision narrowed this, and focused instead on the scope of business actually pursued under the business name.

On this basis, drawing on the 2012 French decision, the EU General Court had annulled the Board of Appeal decision in respect of goods other than those which corresponded to the activities actually pursued under the business name as at the date of application for the contested trademark.

The EUIPO appealed the decision to the CJEU. The appeal addressed principally the question of whether or not it was permissible for the General Court to have relied on national case law relating to the relevant provision of national law which post-dated the judgment then under appeal.

The CJEU held that the General Court had been right to do so. The General Court should not be constrained in a way that could result in the refusal of an EU trademark application, or the revocation of an EUTM, where in fact the relevant national law does not provide any basis for so doing at the time of the court’s decision. That would run counter to the role of the EUTM Regulation in protecting the EU trademark. It would also run counter to the principle of effective judicial protection. The General Court “must apply applicable national law as interpreted by the national courts at the time at which it issues its decision, and must therefore also be able to take into consideration a decision originating from a national court, issued after the adoption of the decision of the Board of Appeal of EUIPO.”

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The CJEU referred to case law\textsuperscript{152} according to which the following principle, or principles, had been established:

- first, that the General Court must, in principle, confine itself to finding the decision that the Board of Appeal of EUIPO should have reached on the basis of the particulars underlying the Board of Appeal’s decision,
- second, that the General Court may annul or alter a decision against which an action has been brought only if, at the date on which that decision was adopted, it was vitiated by one of those grounds for annulment or alteration [referred to in Article 65(2) of Regulation No 207/2009], and
- third, that the General Court may not annul or alter that decision on grounds which come into existence subsequent to its adoption.

The CJEU noted that these principles had a broad scope. However, it held that they did not prohibit the General Court from taking into account, in Article 8(4) cases, an evolution in the interpretation, by the national courts, of the relevant rule of national law, for “that rule of national law was one of the particulars subject to assessment by that Board of Appeal and the application of that rule by the same Board of Appeal is subject, pursuant to Article 65(2) of that regulation, to a full review of legality by the General Court (see, to that effect, judgment of 27 March 2014, \textit{OHIM v National Lottery Commission}, C-530/12 P, EU:C:2014:186, paragraphs 36 to 38).”\textsuperscript{153} The General Court should therefore be entitled to take into account the new national case law on condition that, as had been the case here, the parties were given the opportunity to submit their own observations on the relevant national decision.

13. France—Paris Court of Appeals—Are there rights in the name of a country that may be used by the government of the country concerned to contest a corresponding trademark application?

According to a decision rendered by the Paris Court of Appeal (Cour d’appel de Paris) on September 22, 2017,\textsuperscript{154} national states hold rights over the name of their corresponding country, irrespective of the ownership of registered trademark rights. The case reference is No. 15/24810 (“\textit{Atout France}”).

\textsuperscript{152} Edwin v. OHIM, Case C-263/09 P, paras. 71 and 72 (July 5, 2011) (EU:C:2011:452), and of Westermann Lernspielverlage v. EUIPO, Case C-482/15 P, para. 27 (Oct. 26, 2016) (EU:C:2016:805) and the case law cited.


\textsuperscript{154} Case No. 15/24810 (Paris Court of Appeal, Sept. 22, 2017) (\textit{Atout France}).
The “Atout France” case began by a classic infringement action, initiated by the U.S. company France.com Inc., following the registration by the Dutch company Traveland Resorts of word and graphic marks featuring the sign “France.com” at the French and European levels. The decision reported here relates to a subsequent intervention by the French state, which significantly altered the outcome of the litigation.

Indeed, the case seemed rather simple, and the two private companies amicably settled their own dispute by entering into an agreement, which included the assignment of the trademarks by Traveland Resorts to France.com Inc.

The contested marks include “france.com” and the device mark shown here:

They were registered in respect of goods included in Classes 16 and 25 (notably printed matter and clothes) and services included in Classes 35, 36, 38, 39, 41, 42, and 43 (notably transport, food and temporary accommodation services).

Following the assignments noted above, the French state and Atout France (a national Economic Interest Grouping (EIG) dedicated to the development of tourism in France) initiated legal proceedings against the new owner, France.com, Inc., seeking to obtain either the assignment of the registered trademarks to the benefit of the French State, or the cancellation of the registrations concerned.

Partially confirming the judgement issued by the Paris Court of first instance, the Paris Court of Appeal accepted the French State’s contention that the trademarks violated its right to its own name, regardless of the lack of trademark rights. The Court of Appeal held that “[t]he appellation ‘France’ constitutes for the French government an element of identity equivalent to the patronym of a natural person; (…) this term refers to the national territory in its economic, geographic, historic, political and cultural identity, the appellation notably promotes the range of products and
services targeted by the registration of the trademarks at stake.”

The Court of Appeal then assessed the existence of a risk of confusion by the public in the following terms: “Considering therefore that the wider public would identify such goods and services as provided by the French State, or at the very least by an official service supplier acting with the guarantee of the French government, ( . . . ) the risk of confusion is further increased by the stylized graphic representation of the geographic borders of France as part of the complex trademarks at issue.”

Relying on Article L.711-4 of the French Intellectual Property Code, which provides that earlier rights of types falling into several categories may prevent the registration of a French trademark, the Court held: “Considering that the list of earlier rights provided under Article L.711-4 of the Intellectual Property Code is not exhaustive, the name « France » claimed by the French State may constitute an earlier right predating the registration of the French marks at issue provided there is a risk of confusion in the public’s mind.”

The decision mentions that the briefs transmitted by the parties referred to the “règlement sur la marque communautaire” (EU trademark regulation). The decision is, however, unclear as to the precise articles that were relied upon by the parties.

The decision itself does not refer to EU law. It was rendered on the basis of Article L.711-4 g) of the French Intellectual Property Code, which provides for a list of earlier rights that may prevent the filing of trademark rights. This article corresponds to Article 4(4)(c)(i) of the 2008 TM Directive (now Article 5(4)(b)(i) of the 2015 TM Directive).

Thus drawing an interesting (and creative) parallel between state denominations and patronyms, the Paris Court of Appeals decided in favor of the French State, to the detriment of the foreign trademark owner. As a result, it cancelled the contested French registrations and encouraged the French government to seek, similarly, the cancellation of the registrations at the European level before the EUIPO, following the applicable procedure.

As a result, and subject to the view taken by the French Supreme Court, before which an appeal has been lodged, national governments seem encouraged to prevent appropriation by private entities of their country’s name, even in the absence of a registered mark. It is interesting to speculate whether or not other national courts around the EU would have determined a similar right to exist in respect of their country names and whether or not, in France, the logic that underpins the Atout France ruling could also be applicable at regional or local level.
14. UK—Court of Appeal of England & Wales—Can a trader with only a localized goodwill in an unregistered name or mark invalidate a later-filed UK registered trademark? Does it make any difference that the registered proprietor had commenced its own use first?

The questions noted in the heading above arose in *Caspian Pizza Ltd & Ors v. Shah & Anor*. The English Court of Appeal ruled in the case on November 23, 2017.

The claimants owned two UK registered trademarks, *CASPION* and a *CASPION PIZZA* device mark. The word mark application had been filed in 2005, and covered restaurant services. The device mark was filed in 2010 and related to foodstuffs. The claimants had been operating a pizza restaurant business in Birmingham, in the United Kingdom, since 1991. The business had expanded into a chain of restaurants, but with all its outlets in and around Birmingham.

The defendants operated their own pizza restaurants, also called CASPIAN, in Worcester, UK. Worcester is about 30 miles from Birmingham. Their first restaurant opened in 2002, with a second following in 2004. Both, then, post-dated the commencement of the claimant’s business by over a decade, but pre-dated the claimants’ application to register the CASPIAN word mark.

The claimants brought trademark infringement proceedings in the English Intellectual Property Enterprise Court (IPEC). The defendants defended the infringement claim on the basis of (among other things) S11(3) of the Trade Marks Act 1994, a provision of UK law based on Article 6(2) of the 2008 TM Directive (which corresponds to Article 14(3) of the 2015 TM Directive). This allows a defense to an infringement claim where the defendant is using “an earlier right which only applies in a particular locality,” provided the right in question is recognized under applicable law. The defendants also counterclaimed for a declaration of invalidity of the two registrations relied upon. It is in respect of this invalidity counterclaim that the present case note focuses. The counterclaim, which was the subject of the appeal, was based on a provision of UK law corresponding to Article 4(4)(b) of the 2008 TM Directive (which corresponds to Article 5(4)(a) of the 2015 TM Directive).

Article 4(4)(b) of the 2008 TM Directive provides that a ground for opposition to a trademark application or revocation of a registered trademark exists “where, and to the extent that: “(1) rights to a non-registered trademark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trademark . . . and that non-

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registered trademark or other sign confers on its proprietor the right to prohibit the use of a subsequent trademark . . .”

At first instance one of the two trademarks, the 2005 word mark, was held to be invalid. The claimants appealed to the English Court of Appeal in relation to the finding of invalidity. (There was also a cross-appeal which is of less interest, and not covered here.)

The first instance finding of invalidity was based on the use that had been made of the CASPIAN name by the defendants prior to the 2005 filing of the claimants’ CASPIAN trademark application. The judge considered the use to have been sufficient to establish a goodwill, owned by the defendants, in the CASPIAN name in the locality in which they had used the mark, Worcester. This would have provided the basis for them to bring a passing-off claim (a claim under the common law of the UK jurisdictions) against a rival restaurant opening subsequently in that locality.

According to UK law, a person who has grounds to bring a passing-off claim against the trademark applicant for use of the mark applied for will usually also have a basis for opposing the application. This is provided for in Section 5(4)(a) of the UK’s Trade Marks Act 1994, which is equivalent to Article 4(4)(b) of the 2008 TM Directive, cited above. Where such an opposition ground exists, but the mark is nevertheless allowed to register, the proprietor of the earlier unregistered rights may rely on the same grounds to invalidate the registration, as happened in the present case.

In the present case the striking feature was that the trial court had applied this invalidation ground despite the fact that the unregistered rights relied on would apply only in a particular locality. That is, the defendant could likely have prevailed in a passing-off case had the claimants opened a CASPIAN pizza restaurant in Worcester, but not if they had done so elsewhere.

In Redd Solicitors LLP v. Red Legal Ltd,¹⁵⁶ the same court, the IPEC, had declined to issue a declaration of invalidity in comparable circumstances.

The Court of Appeal preferred the IPEC’s approach in the present case to that which it had taken in the earlier Redd decision. The Court of Appeal held: “The only requirement is that the opponent should have established goodwill in the mark over an identifiable geographical area that would qualify for protection in passing-off proceedings. Reputation may be enjoyed on such a small scale that it does not generate goodwill at all: See Knight v Beyond Properties Pty Ltd & Ors [2007] EWHC 1251 (Ch). But goodwill which is established in a particular locality will be capable of preventing registration of a countrywide mark.”¹⁵⁷

¹⁵⁷ Caspian Pizza Ltd & Ors v Shah & Anor, [2017] EWCA Civ 1874, para. 23, per Patten L.J.
The reference to a “countrywide mark” is a reference to a UK trademark without geographic limitation. In principle, the registered proprietor could have sought registered trademark protection in the UK on a geographically-limited basis. But it was not open to the proprietor simply to argue, at this stage, that the mark should be invalidated in respect only of the locality to which the earlier rights existed.

Success in the invalidation action did not depend on the defendant having made use throughout the UK, or even geographically widespread use within the UK. Nor did success depend on there having been any overlap in the geographical areas of the parties’ actual use. It is also notable that the use successfully relied on was use earlier than the application filing date of the registered trademark, but not earlier than the claimants’ own first use in the UK, which had been before the defendants opened their own first restaurant.

15. EU—EU General Court—Can evidence showing use of the contested mark in non-EU countries be regarded as a sufficient indication of how the mark would be used within the EU?

The judgment of the EU General Court on December 7, 2017, in The Coca-Cola Company v. EUIPO—Mitico (Master)158 follows on from a previous General Court ruling in the same case noted in the Annual Review of 2014 EU case law.159

The General Court’s 2017 ruling annuls a decision of the EUIPO Board of Appeal, as had the previous, 2014, decision. The case involves an opposition by The Coca-Cola Company against a third party’s application to register as an EUTM the figurative mark shown here:

![Master](image)


The application was filed for goods in Classes 29, 30, and 32, and includes non-alcoholic beverages in Class 32. The opposition was based on various Coca-Cola trademarks, including the four EUTMs shown here:

![Coca-Cola Trademarks]

The grounds of opposition relevant to the 2017 ruling are those under Article 8(5) of the 2009 EUTM Regulation, in particular, that use of the contested mark would take unfair advantage of the distinctive character or repute of the Coca-Cola trademarks. In this regard, the focus is on the tail flowing from the “M” of the contested mark and its use of an unusual script, the Spenserian script. One aspect of the General Court’s 2014 ruling was that these features of the contested mark, which it shared with the Coca-Cola marks, established the existence of a certain (albeit low) degree of similarity between the marks. As a result of that ruling, it fell to the EU Board of Appeal (which had previously held the marks to be dissimilar) to consider whether or not, in view of this similarity and the strong reputation of the Coca-Cola marks, an Art 8(5) unfair advantage claim could be made out.

The EUIPO Board of Appeal gave its decision, in light of this second deliberation, in December 2015. For a second time it ruled against The Coca-Cola Company, thus giving rise to the second appeal to the EU General Court, which is the subject of the present note.

At particular issue in this 2017 ruling of the EU General Court is the treatment accorded to evidence that had been filed by the trademark applicant, showing use of the contested mark on its website at www.mastercola.com. The evidence consisted of these screenshots:

![MasterCola Screenshots]
What the screenshots show is, self-evidently, the use of white script on a red label applied to a cola in a container similar to that used for Coca-Cola brand beverages.

In its original, 2011, decision, the Board of Appeal had disregarded this evidence on the basis that, in its view, the evidence did not in fact show use of the contested trademark. However, in its 2014 ruling the EU General Court had held that there was nothing in the case law to justify excluding the evidence from consideration. It was relevant to consider any evidence that could assist in the analysis of the intentions of the applicant as regards the use of the mark applied for.

In its 2015 decision, therefore, the EUIPO did consider the evidence of the website, but held that it did not assist the opponent’s case on unfair advantage because, essentially, it had insufficient connection with the European Union. Much of the website was written in Arabic and there was nothing to indicate that the EU public could order goods from it. The trademark applicant might conceivably promote its goods in a different way when it came to the EU market.

This approach, held the EU General Court in its 2017 decision, was too cautious. In the first place, there was nothing in the “territoriality” principle to prevent the Board of Appeal from relying on evidence of trademark use outside the EU. As the General Court noted, “in the present case, the applicant relies on the existence of a risk that unfair advantage will be taken of the reputation of its earlier marks inside the European Union, not beyond it. It relies on the actual use of the mark applied for in third States only in order to use it as a basis for a logical inference on the likely commercial use of the mark applied for in the Union. It is therefore the latter that is ultimately relevant.”

The opponent was merely using the evidence from outside the EU as a basis for a logical inference that the trademark applicant would make similar commercial use in the European Union. EU case law supports a finding of unfair advantage-taking (referred to by the General Court as “free-riding”) on the basis of logical inferences—not mere suppositions—derived from an analysis of the probabilities arising, having regard to all the circumstances of the case. (On this point, the General Court referred to the CJEU’s judgment of May 22, 2012, in Environmental Manufacturing v. OHIM, and the General Court’s judgment of December 11, 2014, in Master, and the case law cited.)

The EU General Court considered that the website extracts could indeed serve as a basis for such an inference. It regarded it as

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logically foreseeable that, if granted its EU registration, the trademark applicant would adapt its website to target EU customers too.

The General Court noted that the trademark applicant had not indicated how it would, in fact, promote its goods in the EU. This was relevant, since it had provided evidence of how the mark was used elsewhere; it would have been easier for the trademark applicant to prove that it had different intentions for the EU market than it would for the opponent, The Coca-Cola Company, to prove the contrary.

The General Court therefore held that, in the absence of specific information concerning the trademark applicant’s plans for use of the mark in the EU, the website extracts should be regarded as leading prima facie to the conclusion that there is a non-hypothetical risk of unfair advantage being taken of the Coca-Cola marks in the EU.

The Board of Appeal had therefore erred again, in its 2015 decision, in its assessment of the evidence, by disregarding the logical inferences that might arise from the evidence as to a risk of free-riding in the EU. The Board of Appeal decision was therefore annulled.

16. Denmark—The Danish Maritime and Commercial High Court—Can the owner of a well-established brand name that has ancillary associations with charity work bring an opposition based on “unfair advantage” against a similar mark applied for by an unrelated charity?

On April 6, 2017, the Danish Maritime and Commercial High Court (MCC) ruled in ECCO v. the Danish Appeal Board for Patents and Trademarks, holding (in an opposition claim) that the use of a registered trademark by a non-competing commercial foundation would not result in the taking of an unfair advantage of, or cause harm to, the reputation of the well-known footwear trademark ECCO.

The claimant, ECCO Sko A/S, was founded in 1960 and has developed into a leading international footwear manufacturer with annual sales of approximately twenty million pairs of shoes in ninety countries. For a number of years, ECCO has been involved additionally in charity work, such as hosting charity events and “walkathons.” ECCO is the proprietor of several Danish and EU trademarks containing the word “ecco,” including the word mark ECCO and a number of figurative marks in Class 35 (covering

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163 ECCO Sko A/S v. the Board of Appeals for Patents and Trademarks, Case No. V-24-16 (Danish Maritime and Commercial High Court, April 6, 2017).
The defendant, EKKOfonden, is a commercial foundation incorporated in 2013. The objective of EKKOfonden is to offer social services and accommodation to Danish citizens suffering from mental illness. EKKOfonden filed an application with the Danish Patent and Trademark Office on October 2, 2013, for registration of the word mark EKKOFONDEN. The application covered, among other services, “services rendered with the object of help in the management of a commercial foundation for service centers for socio-educational housing” (in Class 35) and “financial services rendered in connection with commercial foundations for services centers for socio-educational housing in class 36.” EKKOfonden also applied for registration of two figurative marks in Class 35 and 36 each containing the word “ekkofonden.”

ECCO filed oppositions to the applications with the Danish trademark office in 2014. ECCO claimed that the use of the marks applied for would cause a risk of confusion and result in EKKOfonden taking unfair advantage of—or causing harm to—the goodwill and reputation of the established ECCO mark, pursuant to Section 15(4)(1) of the Danish Trademark Act, which corresponds to Article 4(4)(a) of the 2008 EUTM Directive. (See also Article 5(3)(a) of the 2015 TM Directive.)

The Danish Patent and Trademark Officer upheld the opposition against the marks in Class 36, in view of ECCO’s own Class 36 coverage, but dismissed the opposition in respect of Class 35, where ECCO’s registrations did not protect the mark for comparable services, and where ECCO was therefore dependent entirely on its reputation-based claims. ECCO appealed the decision to the Danish Board of Appeals for Patents and Trademarks, which confirmed the decisions on grounds that (i) the word marks were visibly different, and (ii) the Class 35 services of EKKOfonden were intended for a defined group of customers (Danish citizens with special needs). The Board of Appeals also noted that “ekko” (in English: “echo”) is a common Danish word and the fact that ECCO had been involved in charitable work could not lead to a different result.

ECCO brought a further appeal in respect of the decisions before the MCC. It claimed a reputation for its ECCO mark of particular strength—claiming that the ECCO mark was “highly reputed” within the footwear sector, and one of the largest brands in Denmark, as substantiated by market survey. Further, ECCO argued that it was well-known for its charitable work such as the ECCO Walkathons and the ECCO Walk in Style Awards.

The MCC held that while ECCO had indeed been involved in charity, the costs relating to this had been recorded as marketing expenses on the financial reports, thus implying that the activities of ECCO could not be invoked for the purpose of demonstrating...
genuine use of the (reputed) mark for charitable activities. Further, ECCO had not set up a separate foundation with the name “ECCOfonden.” The MCC also noted that “ekko” is a common Danish word with an independent meaning unrelated to shoes or footwear. With these considerations in mind, the MCC upheld the decision of the Board of Appeals. The case is illustrative of the fact that the reputation of the mark is not in itself sufficient to claim protection for all commercial activities (all types of goods and services). Thus, the reputation of the ECCO trademark did not per se spill over into charitable causes.

17. EU—EU General Court—What is the significance of the assessment of degree of distinctiveness and strength of reputation in a reputation-based claim?

In *PP Gappol Marzena Porczyńska v. EUIPO*,164 the EU General Court ruled (inter alia) on appeal grounds relating to the EUIPO Board of Appeal’s assessment of Article 8(5) opposition grounds alleging that the contested mark would take unfair advantage of the opponent’s earlier rights. The General Court decision was given on October 4, 2017.

The contested mark was the figurative sign shown here:

![Gappol](image)

The EUTM application for the contested sign was proceeding in Class 25 and Class 20. In Class 20, the specified goods were furniture, and it is in relation to these goods that the Article 8(5) opposition grounds were relevant. The opponent was the clothing company Gap, relying on its earlier rights in the mark GAP in Class 25.

The General Court approved the Board of Appeal’s finding that there was a certain similarity between the marks—i.e., that, overall, they “produced a general impression of similarity”—but of a relatively low order. It also agreed with the Board of Appeal’s findings that the earlier mark GAP had “a reputation” to the European Union, based on evidence that had been filed by the opponent as to its use in the United Kingdom. Further, it agreed with the Board of Appeal that there was a certain (but not high) degree of proximity between clothing (for which the reputation of the opponent’s GAP mark was enjoyed), on the one hand, and furniture, being the contested goods, on the other, given the

connection between the two fields as regards design. However, the General Court could not approve the Board of Appeal’s conclusion that the opponent had made out its Article 8(5) unfair advantage (or “free-riding”) case in view of the fact that the Board of Appeal had failed to do certain critical things: it had failed to assess (at least, expressly) whether or not there would be a link in the mind of the relevant public between the marks; it had failed to rule on the strength of the earlier mark’s reputation; and it had failed to identify; as part of its analysis, the degree of the distinctiveness of the earlier mark.

On the first of these points—the critical question of whether or not, given the similarities between the marks, the proximity of the parties' respective goods, and other relevant factors, a link would be made between the marks – the court was prepared to accept that the Board of Appeal had at least implicitly indicated its conclusion, by going on to hold that that, in its view, unfair advantage would be taken of the earlier mark. However, the General Court considered the failure to rule on the strength of the reputation and degree of distinctiveness of the GAP mark to vitiate the decision reached by the Board of Appeal. This was because these are factors that need to be weighed in the balance, along with other relevant factors, in the overall assessment of an Article 8(5) case, and might have been critical in the present case since, as the General Court held: “In view of the fact that the marks at issue are not identical and that the similarity between them is not high, that the goods covered by those marks are not similar and are proximate only to a slight degree, and the fact that the attention of the relevant public is likely to be higher when purchasing furniture, it should be noted that the Board of Appeal could have upheld the opposition on the basis of Article 8(5) of [the 2009 EUTM Regulation] only if it had found that the earlier mark had acquired a sufficiently strong reputation or a sufficiently high degree of distinctiveness.”

The General Court therefore annulled the Article 8(5) decision.

VI. BAD FAITH

A. Introductory Comments

EU trademark law contains a number of provisions offering the possibility of challenging a trademark application, or the resulting registration, on the basis that the application was made in bad faith.

The position is relatively simple in the case of an EU trademark: it is not possible to oppose a EUTM application on grounds of bad faith as such (although certain other opposition grounds may incorporate a bad faith element), but an invalidity action may be

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brought on this basis. The rule is contained in Article 59(1)(b) of the EUTM Regulation (corresponding to Article 52(1)(b) of the old Regulation).

The 2008 TM Directive, on the other hand, contains two relevant provisions, Article 3(2)(d) and Article 4(4)(g). The provisions in the 2008 TM Directive created options for the EU Member States. Under the 2008 TM Directive, each EU Member State could choose to incorporate into its law a broader bad faith provision under Article 3(2)(d), a narrower one under Article 4(4)(g), or neither. (The 2015 TM Directive adjusts this position, and provides that bad faith is to be a mandatory invalidity ground, as well as being a basis on which Member States may (optionally) provide that bad faith should be an opposition ground. Relevant provision of the 2015 TM Directive are Articles 4(2) and 5(4)(c).)

Six cases are noted in this Section. The first two are from the EU General Court and involve challenges to EUTMs. There are then three similar cases from national courts—two of which are from the Supreme Courts of the countries concerned. The last case is not a bad faith case in the strict sense, but concerns a related subject—the possibility of securing a transfer of ownership of an EUTM based on a claim under a national law relating to fraudulent or abusive applications.

B. Legal Texts

Article 59(1)(b) of the 2017 EUTM Regulation

1. An EU trademark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

   . . .

   (b) where the applicant was acting in bad faith when he filed the application for the trademark.

Article 3(2)(d) of the 2008 TM Directive

2. Any Member State may provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

   . . . the application for registration of the trademark was made in bad faith by the applicant.

Article 4(4)(g) of the 2008 TM Directive

4. Any Member State may . . . provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

   . . .
(g) the trademark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.

C. Cases

1. EU—General Court—In a bad faith case, what conclusions may be drawn from the applicant’s failure to put the mark into use itself, and/or doubts over the commercial logic of the contested filing from the applicant’s own perspective?

In PayPal, Inc. v. EUIPO—Hub Culture (VENMO), the EU General Court annulled a decision of the EUIPO Board of Appeal in a bad faith-based cancellation action relating to PayPal’s VENMO trademark. The decision was given on May 5, 2017.

The contested registration is the EUTM VENMO, registered in Classes 9 and 36, relating to goods and services in the field of virtual currency and virtual currency transactions, and the like. The owner of the contested EUTM is Hub Culture Limited, the (undisputed) owner of the trademark VEN, which pertains to a virtual digital social currency and related financial services. VEN came on to the scene in 2007. VENMO, on the other hand, is, in fact, a mark that was developed independently of Hub Culture, from around mid-2009, and which relates to online payment services. The VENMO brand was created by Venmo Inc, and is now owned by PayPal.

The application by Hub Culture that resulted in the contested registration was filed in November 2010. Both before and after the date of that filing, the VEN and VENMO businesses had been discussing their respective trademark position. Hub Culture, the owner of the VEN mark, regarded the VENMO mark as being in conflict with its rights, but was prepared to (and did) enter into amicable discussions with the VENMO business about a resolution of the issue because there was the prospect of a future commercial relationship. Matters, however, had not been resolved by the time Hub Culture took it upon itself to file the VENMO application. The case revolves around whether or not there was any justification for Hub Culture to have done so. The EUIPO Cancellation Division held the application to have been made in bad faith. The Board of Appeal, however, took a different view of the circumstances and concluded that bad faith could not be established.

The EU General Court held, in the judgment now under review, that the Board of Appeal had not considered all relevant factors and

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that its analysis was vitiated by various errors. It annulled the Board of Appeal's decision.

The relevant legal provision in Article 52(1)(b) of the 2009 EUTM Regulation (which corresponds to Article 59(1)(b) of the 2017 EUTM Regulation). This provides very simply that an EUTM must be declared invalid where the applicant was acting in bad faith when he filed the application for the trademark. The legislation does not attempt to define, delimit, or even describe the concept of bad faith. The leading authority in the field is the CJEU’s ruling in Lindt.167

Lindt establishes, among other things, that in determining bad faith, consideration must be given to the applicant’s intention at the time of the application, this being a subjective factor that must be determined by reference to the objective circumstances of the particular case. Lindt also establishes that a trademark filing made with the intention of preventing a third party from marketing its own product may be an element of bad faith, particularly where this is the sole objective of the applicant, who does not intend to use it himself. However, all relevant factors have to be taken into account.

The EU General Court noted that, in the present case, the evidence established that the applicant, Hub Culture, had known of Venmo’s use of the VENMO mark prior to Hub Culture making its own filing for the mark—a factor of primary importance, but not sufficient in itself to yield a bad faith finding. However, the General Court noted168 that, “account may also be taken of the origin of the contested sign and its use since its creation, the commercial logic underlying the filing of the application for registration of that sign as an EU trademark, and the chronology of events leading up to that filing.”

The EU General Court then identified various areas in which it considered the Board of Appeal’s analysis had gone wrong. The first concerned the conclusion reached by the Board of Appeal that Hub Culture’s decision to file for VENMO could have been a “local commercial trajectory of its own rather than a measure designed to thwart Venmo.” This conclusion had been reached by the Board of Appeal on the basis of the trademark protection that the company had already sought and obtained for its VEN mark, together with its use of the sign VEN MONEY and the domain name venmoney.net. For its part, however, the General Court did not think that Hub Culture’s use of VEN MONEY and its domain name had been established as at the date of application; even if such use had been established, it did not consider that “VENMO” represented

a natural contraction of the term “VEN MONEY.” The Court further considered that, even if use of VEN MONEY had been established and VENMO were to be perceived by the relevant public as an abbreviation of VEN MONEY, this would still be insufficient to establish that Hub Culture had had a plausible commercial logic for making the VENMO application. It ought to have been applying for VEN MONEY rather than for VENMO, the latter being a mark had never been used by Hub Culture at all, and which Hub Culture knew to be in use by Venmo. The General Court, in this connection, examined a rationale put forward by Hub Culture for having filed for VENMO rather than VEN MONEY, but clearly felt that the only persuasive logic for the filing would be that the filing would serve as a specific protective measure to prevent Venmo’s entry into the EU market under the VENMO trademark.

The General Court went on to find support for this conclusion in the context of the parties’ relations. The application for the contested mark had been filed in November 2010, a few months after a first contact between the parties, in which Hub Culture had written to Venmo to express concern about a likelihood of confusion. Hub Culture had registered the venmoney.net domain name in the intervening period. The General Court considered it notable that Hub Culture had, by letter sent shortly after the trademark filing, expressed itself keen to keep open a line of communication between the parties to explore a commercial resolution, having in fact been talking about the possibility of a commercial settlement right from the outset, yet had not mentioned to Venmo, in this context, the fact that it proposed to file the application. This had the result, held the General Court, that the application could be regarded as a “concealed act.”  

The General Court cited, on this, the ruling in Silicium España Laboratorios v. OMIM—LLR—G5 (LLR G5) (reported previously in the Annual Review of 2015 EU trademark law).

The General Court’s approach also differed markedly from the Board of Appeal’s approach regarding the significance of the fact that Hub Culture had had no intention to use the VENMO mark itself, and the fact that, in Venmo’s hands at the relevant time, VENMO “was an unregistered sign and did not enjoy a particular reputation.” Regarding intention to use, the Board of Appeal had noted merely that, although the evidence did not establish Hub Culture’s intention to make genuine use of the VENMO mark itself, an applicant for an EUTM has a five-year grace period within which

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170 Silicium España Laboratorios, SL v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the Court, being LLR-G5 Ltd), Case T-306/13 (GC, June 16, 2015) (LLRG5), as reported in Guy Heath, Annual Review of EU Trademark Law: 2015 in Review, 106 TMR 419, 528-530 (2016).
to commence use, which, in the present case, had not expired at the
time of the Board of Appeal’s decision). For the General Court,
however, it followed from the ruling in *Lindt* that “the intention to
prevent a third party from marketing a product may, in certain
circumstances, be an element of bad faith on the part of applicant,
when it becomes apparent, subsequently, that the applicant applied
for registration of the sign as an EU trademark without intending
to use it.” 171 With this in mind, it was an important consideration,
in the view of General Court, that Hub Culture had conceded, at the
General Court hearing (in February 2017—more than five years
after the registration of the contested EUTM) that it had never used
the mark.

As for the fact that the VENMO rights in Venmo’s hands were
confined merely to those of an unregistered trademark, the General
Court held, “although, in accordance with the ‘first-to-file’ principle,
the mere use by a third party of a non-registered mark does not
preclude an identical or similar mark from being registered as an
EU trademark for identical or similar goods or services, that does
not rule out the possibility for the proprietor of such an unregistered
trademark to rely on the bad faith of the applicant for registration
of the EU trademark. The possibility provided for in Article 52(1)(b)
of [the 2009 EUTM Regulation] of having a trademark declared
invalid where an applicant was acting in bad faith when it filed the
application for the trademark . . . is precisely in accordance with the
requirement of ensuring wide protection for any trader using a sign
despite not yet having registered it.” 172

The General Court went on to say that, since Hub Culture had
clearly known about the earlier use by Venmo, it was not necessary
to examine whether or not the mark had acquired a reputation in
Venmo’s hands. And while it could not be concluded that Hub
Culture must be taken to have set about to take advantage of a
reputation in the VENMO mark which did not actually exist, it was
nevertheless the case that Venmo’s lack of a reputation did not
exclude the possibility of a bad faith finding.

Finally, an intimation allegedly given by Venmo orally shortly
prior to the filing of the contested EUTM, that Venmo was not at
that time seeking to expand outside of the United States, did not, in
the view of the General Court, mean that it might not wish to do so
in the future.

171  *Id.* para. 64.

172  PayPal, Inc. v. EUIPO—Hub Culture (VENMO), Case T-132/16, para. 67
(ECLI:EU:T:2017:316), *citing* SA.PAR v. OHIM—Salini Costruttori, Case T-321/10,
2. EU—EU General Court—In a bad faith claim, does the cancellation applicant’s earlier trademark need to cover goods/services identical or similar to those of the contested mark?

The question above arose in Koton Mağazacılık Tekstil Sanayi ve Ticaret AS v. EUIPO—Nadal Esteban (STYLO & KOTON), a decision of EU General Court of November 30, 2017.

The case concerns the trademark shown here, for which an EUTM application was made in Classes 35 and 39:

The application was opposed on the basis of the following earlier rights:

- the earlier Maltese figurative marks registered under numbers 46666 and 46667, reproduced below:

- International Registration No. 777048, designating the Benelux, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Greece, Ireland, Spain, France, Italy, Cyprus, Latvia, Lithuania, Hungary, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden, and the United Kingdom, of the earlier figurative mark reproduced below:

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The marks were registered in Class 35 for advertising and business services.

The opposition was brought on the basis of Article 8(1)(b) of the 2009 EUTM Regulation (now Article 8(1)(b) of the 2017 EUTM Regulation)—likelihood of confusion. The opposition succeeded in Class 35, but failed in respect of Class 39 on the basis that the Class 39 services—being transport; packaging and storage of goods; and travel arrangements—were dissimilar to the Class 35 services of the earlier marks. The EUTM went through to registration in Class 39, whereupon the opponent commenced a cancellation action against it, arguing that the application had been filed in bad faith and the registration should therefore be cancelled under Article 52(1)(b) of the 2009 EUTM Regulation (now Article 59(1)(b) of the 2017 EUTM Regulation).

The bad faith cancellation claim failed before the EUIPO’s Cancellation Division and Board of Appeal on the basis that, even if it were established that the owner of the contested mark had known of the cancellation applicant’s marks and had in fact had a business relationship with it, and even though the marks were indeed undeniably similar, the fact that the services they respectively covered were not similar drove out the possibility of a finding of bad faith.

When the bad faith cancellation action found its way to the EU General Court, the main issue before the court was the question of whether or not the cancellation applicant could succeed where its own (undeniably similar) earlier trademarks were registered for goods and services dissimilar to those of the cancellation applicant.

In the present case, as noted above, the contested EUTM registration covers “transport; packaging and storage of goods; travel arrangements” in Class 39, whereas the relevant earlier marks cover “advertising; business management; business administration; office functions; rental of vending machines; auctioneering,” which had been held to be dissimilar.
There is no definition of “bad faith” in the EUTM Regulation. The leading case is *Lindt*, a decision of the CJEU on June 11, 2009. Paraphrasing the CJEU’s ruling in *Lindt* at paragraph 53, the General Court noted that, according to that ruling, in order to determine whether the applicant for registration is acting in bad faith within the meaning of that provision, it is necessary to take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as an EU trademark, in particular, the fact that the applicant for registration knows or must know that a third party is using, *in at least one Member State, an identical or similar sign for an identical or similar product or service capable of being confused with the sign for which registration is sought*, second, the intention of the applicant for registration to prevent that third party from continuing to use such a sign and, third, the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.

Having cited the passage above, the EU General Court went on, in the present case, to note that, according to *Lindt*, knowledge of the earlier mark is not sufficient, in and of itself, to establish bad faith—there must also be an enquiry into the applicant’s intention. The General Court also noted that the factors listed by the CJEU in the cited passage were only examples of factors that may be taken into consideration. Account may also be taken of the commercial logic undertaking the filing of the application to register the mark now being contested, and the chronology of events.

However, despite the fact that the factors listed in *Lindt* were held to be merely examples, the General Court referred to the assessment of the identity or similarity of the goods or services designated by the marks at issue as “[falling], in any event, within the examination of the first factor to take into consideration” pursuant to *Lindt*. The General Court held that *Lindt* requires bad faith to be assessed, inter alia, “in the light of the likelihood of confusion between a sign used by a third party and the sign for which registration is sought, which presupposes identity or similarity not only between the signs, but also between the goods and services.” On this, the General Court cited also the General

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177 *Id.*, para. 44.
Court decision in Feng Shen Technology v. OHIM—Majitczak (FS). 178

Since the cancellation applicant’s services in the present case were dissimilar to those of the trademark owner, the cancellation applicant’s appeal was dismissed.

This case is in interesting contrast to the General Court’s ruling in the VENMO bad faith case, also decided in 2017 (see above) in which the fact that the cancellation applicant had not been using its mark anywhere in the EU at the relevant time (for any goods and services) did not seem to be an issue of concern to the court. As may be seen from the Lindt extract noted above, the first of the Lindt conditions refers not only to the earlier mark being used for identical or similar products, but also to it being used “in at least one [EU] Member State.”

3. Italy—Italian Supreme Court—Bad faith—in applying the bad faith ground of invalidity, is it relevant that the applicant’s intention was to prevent a third party from entering the market in a new country, rather than to prevent a continuing use of the third party’s marks.

The decision of the Italian Supreme Court on September 4, 2017, in Valigeria Roncato v. Roncato, 179 is that court’s first judgment concerning the issue of trademark applications allegedly filed in bad faith. The court interpreted the judgment of the CJEU in the Lindt case 180 as meaning that there is bad faith not only when the filing of a trademark is intended to hinder the ongoing use of a sign in a certain country, but also when it is aimed at preventing a third party from using its sign for the first time in a country.

The Italian company Valigeria Roncato, owner of the EU trademark RONCATO, filed in 1997 and granted in 1999, brought an infringement claim based on this mark in the Italian court against the company Roncato, which had started to use the RONCATO mark in Spain.

In its defense, Roncato argued, inter alia, that it enjoyed prior use-based trademark rights in the sign RONCATO in Italy. It put forward an invalidity counterclaim based on this ground, and also on the ground that the EUTM relied upon had been applied for in bad faith.

Both the court of first instance and the Court of Appeal of Venice declared Valigeria Roncato’s EU trademark to be invalid on bad

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179 Case No. 20715 (Italian Supreme Court, Sept. 4, 2017).
faith grounds, holding that Valigeria Roncato—having been aware at least of Roncato’s use of the sign RONCATO in Italy—had filed the mark at issue with a view to preventing its competitor from using the sign RONCATO in other countries. According to these courts, Valigeria Roncato’s intention to hinder its competitor’s use of its mark in new countries, such as Spain, was supported by evidence of objective circumstances, such as: i) Valigeria Roncato’s application for extension of its international trademark RONCATO to forty-one countries, which would indicate its aim to prevent the use of the sign by the other company, since it is “intuitive that the economic effort underlying the simultaneous use of the trademark in all forty-one applied for countries was unlikely to be sustainable”; ii) the fact that in 1996 Valigeria Roncato and Roncato had entered into an agreement based on the premises that “both companies were entitled to use or were using the common patronymic, with the same dignity.”

In its appeal before the Italian Supreme Court, Valigeria Roncato asked the court to set aside the decision of the Court of Appeal, relying on a rather narrow interpretation of the CJEU’s judgment in the Lindt case. As is well-known, this judgment ruled that, in assessing a bad faith claim filing, all the relevant factors should be taken into account, including in particular “the applicant’s intention to prevent third parties from continuing to use such a sign.” Valigeria Roncato argued that this judgment, through the use of the verb “continuing” in its conclusions, is to be interpreted as meaning that there is bad faith only when the applicant intends to prevent a third party that currently uses the sign in a country from continuing that use. To the contrary, in Valigeria Roncato’s submission, there would not be bad faith according to the Lindt judgment when the applicant intends to prevent a third party from starting such use in another country.

Therefore, Valigeria Roncato maintained that the lower courts had erred in declaring the invalidity of its EU trademark on the grounds of bad faith, since it had not challenged Roncato’s continuation of use of the sign RONCATO in Italy, but had only objected to its launch in Spain.

The Supreme Court dismissed this narrow interpretation of the CJEU judgment in the Lindt case.

Indeed, according to the Italian Supreme Court this narrow interpretation of Lindt would contradict with the very wording of the CJEU’s reasoning, whereby “the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant”181 and it “is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community

181 Id. para. 43.
trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.” In this passage, the CJEU made clear reference to the purpose of preventing a third party from “entering” with its sign a market of a certain country.

The Italian Supreme Court went further and held that “the verb ‘continuing’ in the [Lindt] ruling does not refer only to the intention of the applicant (not to use the sign, but rather) to hinder a third party in continuing to use a sign in a country in which it is already present, but it indicates the intention to prevent in any case a third party from continuing to use the sign, including to potentially enter the markets of other countries.”

The Italian Supreme Court held that the two hypotheses in question—i.e., an application for the trademark registration in order to interfere with existing uses, on the one hand, and an application for the registration in order to prevent entry into a new market, on the other—have the same weight in assessing the behavior of the applicant. This is because in both cases the trademark as so applied for would “not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion.”

4. Austria—Austrian Supreme Court (OGH) —Is it bad faith for the founder of an organization to file to protect its trademark in his own name after it has become established?

In 2017, in case OGH 25.01.2017, 34 R 121/16p, the Austrian Supreme Court had to decide on another case concerning a bad faith trademark application. The plaintiff, an association called “Wiener Goldschmiede Akademie” (Viennese Goldsmith Academy), requested the cancellation of the Austrian registered trademark WIENER GOLDSCHMIEDE AKADEMIE, and based its claim on a bad faith intention on the part of the applicant, according to Section 34 of the Austrian Trademark Act.

The plaintiff was established in 2002 and had from the beginning used the name “Wiener Goldschmied Akademie” in daily business transactions, such as providing training courses for future jewelers. The defendant was a teacher and president of the academy at this time, and argued that he had created the idea of the “Wiener Goldschmied Akademie.” Unbeknown to his colleagues, the defendant registered the trademark WIENER GOLDSCHMIEDE

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182 Id. para. 44.
183 Id. para. 45.
184 (Austrian Supreme Court, Jan. 25, 2017) (Viennese Goldsmith Academy).
AKADEMIE for goods and services in Classes 14, 37, and 41 (fabrication, processing, and repair of precious metals as well as education and teaching) in his own name, and subsequently, having become involved in a dispute with the Association, he left it and asserted his rights in the registered trademark.

Consequently, the association applied for the cancellation of the registration on bad faith grounds. The defendant argued that the rights in the trademark did not originate with the association and that he had never transferred any related rights to the association. The Austrian Patent Office rejected this argument and accepted the request for cancellation. The Higher Regional Court in Vienna confirmed the cancellation and based its decision on the fact that the defendant registered the trademark at a time where he was still an employee of the association and that the association neither agreed to the registration nor knew about it.

Following the proprietor's subsequent appeals, the Austrian Supreme Court as the court of final instance concluded that from the legal point of view the defendant had breached his obligation of loyalty when registering the trademark in his own name, since he obviously intended to register a sign which was being used by the plaintiff in commerce. The question of whether or not a registration is in bad faith has to be considered in a "global way," the court held. In this context, all significant factors are important and to be taken into account. The Austrian Supreme Court considers a registration to have been obtained in bad faith when someone is breaching an obligation of loyalty when filing the application, or does so to prevent a third party from using its sign. The filing of a new trademark application may also be regarded as against public policy if the applicant does so without the permission of someone that he knows has already been using the same or a similar sign.

The association Wiener Goldschmied Akademie was using its name and trademark without it having been protected as a registered trademark, and the defendant knew that fact because of his position in the association. This knowledge was used as a "weapon" to disrupt the association.

Austrian law recognizes bad faith where the applicant uses the registration of the trademark as a means to disturb the business his developed by a competitor. This need not necessarily have been the only reason for applying the protection of the trademark, so long as it was an essential motive in this context. In the present case, the Austrian Supreme Court also took note of German case law, noting that the German Federal Court of Justice assumes it to be bad faith if the applicant knows that a third party is using the same or similar sign without formal protection, and also has regard to the property of the applicant's behavior.

The Austrian Supreme Court ruled that the applicant in the present case had acted in bad faith.
5. Spain—Appeal Court of Barcelona—Invalidity based on bad faith—Does the fact that a company uses the Spanish version of a mark (COSMOBELLEZA) give them the right to register and use the English version (COSMOBEAUTY) when there is a third party that has previously used the latter, even if without a trademark registration?

On April 27, 2017, the Appeal Court of Barcelona ruled in Appeal No. 3982/2017.\(^\text{185}\)

This case is the second round of the trademark dispute in Spain between the licensees in Spain of The Hearst Corporation, owner of trademark COSMOPOLITAN, and the Spanish company Vida Estética S. L., owner of the trademark COSMOBELLEZA.

The plaintiff, the Spanish company Vida Estética S. L., is the organizer of a beauty and wellness trade show called “Cosmobelleza,” which has been held in Barcelona since 1998. “Cosmobelleza” is the Spanish equivalent of “Cosmobeauty.” Vida Estética is the owner of Spanish trademark registrations for COSMOBELLEZA, in Class 16 (filed in 1998), in Class 41, filed in 2010; and in Classes 16, 35, 41, and 44, filed in 2009. It is, or was, also the owner of a Spanish registration for COSMOBEAUTY, in Classes 16, 35, 41, and 44, filed in 2010.

The defendant, G Y J Publicaciones Internacionales S. L., is the editor and distributor of the Spanish edition of Cosmopolitan magazine, and licensee of Hearst Communications Inc., owner of the EU trademarks COSMOPOLITAN and COSMO in Classes 9, 16, and 41.

In Spring/Summer 2013, the defendant began to publish a magazine called COSMOBEAUTY, corresponding with the trademark registration of Vida Estética, as mentioned above. Vida Estética therefore filed a trademark infringement action before the Commercial Courts of Barcelona. The defendant defended the infringement claim, and counterclaimed for a declaration of invalidity of the plaintiff’s trademark COSMOBEAUTY, arguing that it had been filed in bad faith.

In order to assess whether or not Vida Estética acted in bad faith when filing the trademark application for COSMOBEAUTY, it is necessary to take into account the history, which is briefly as follows:

Prior to this trademark dispute, in 2010, The Hearst Corporation had filed a revocation action for non-use of the plaintiff’s registered trademarks COSMOBELLEZA. The Spanish company replied by proving use of COSMOBELLEZA and

\(^{185}\) Appeal No. 3982/2017 (Appeal Court of Barcelona, Apr. 27, 2017) (COSMOPOLITAN / COSMOBELLEZA).
counterclaimed against the use of COSMOBELLEZA by The Hearst Corporation for a supplement to its magazine *COSMOPOLITAN*. Three years later, the Appeal Court of Barcelona ruled in favor of Vida Estética, rejecting the revocation action and upholding the counterclaim for trademark infringement.

On October 19, 2010, the defendant had issued a supplement to the Spanish edition of *COSMOPOLITAN* magazine under the name of *COSMOBEAUTY*. This supplement was sold in many parts of Spain, including Barcelona and, more precisely, in several stores next to the domicile of the plaintiff.

On October 27, 2010, the plaintiff filed its Spanish trademark application for COSMOBEAUTY. Hearst Communications, Inc. opposed this application on the basis of its trademarks COSMO and COSMOPOLITAN. The opposition, and Hearst's subsequent appeal, were rejected, and the plaintiff's registration of the trademark COSMOBEAUTY was granted.

In May 2013, the defendant published the Spring/Summer edition of *COSMOPOLITAN* magazine with an extra magazine under the name of *COSMOBEAUTY*.

The complaint that is the object of this appeal ruling—the infringement action and bad faith cancellation counterclaim—was filed on March 21, 2014. As of this date, the company Vida Estética had not yet used the trademark COSMOBEAUTY, even though it had been granted the registration for it on May 31, 2011.

Vida Estética’s defense to the allegations of bad faith were that COSMOBEAUTY was the English equivalent of its trademark COSMOBELLEZA, and that its application to register it had been filed in good faith with the intention of extending the trade show COSMOBELLEZA internationally, and also online, to other jurisdictions.

The Appeal Court of Barcelona, in its April 2017 ruling, confirmed the findings of Commercial Court No. 2 of Barcelona of July 28, 2015, and rejected Vida Estética's arguments. Applying the doctrine laid down by the CJEU in *Lindt*, the Barcelona Appeal Court concluded that trademark COSMOBEAUTY had been filed in bad faith: the application had been filed after Hearst Communications, Inc. had commenced use of its trademark COSMOBEAUTY in Barcelona, so Vida Estética knew or should have known of this prior use. From the evidence, it could be inferred that the intention of Vida Cosmetica was only to prevent a third party from using the trademark. The fact that no use of the registered trademark had been made in the years following its registration confirmed its lack of intention to use the mark itself and lent no credibility to its assertion that the application had been filed to extend the use of COSMOBELLEZA internationally. There was

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no evidence to support this claim. The reputation of the trademark COSMOPOLITAN was also considered an additional factor against the Spanish company.

6. EU—CJEU—Is it possible to mount a claim to recover ownership of an EUTM on the basis of the domestic law provisions of an EU Member State?

Article 18 of the 2009 EUTM Regulation (which is now Article 21 of the 2017 EUTM Regulation) provides a basis to recover ownership of an EUTM that has been filed by an agent or representative of the true proprietor. In *Salvador Benjumea Bravo de Laguna v Esteban Torras Ferrazzuolo*, the CJEU ruled on the question of whether or not Article 18 provides the only basis on which a claim to recovery of an EUTM can be made.

The case came before the CJEU on a reference from the Spanish Supreme Court. Mr. Benjumea Bravo de Laguna had registered as an EUTM a mark that Mr. Esteban Torras Ferrazzuolo claimed was rightfully his. The claim was based on Article 18 of the 2009 EUTM Regulation and on Article 2(2) of the Ley 17/2001 de Marcos (Spanish national trademark law).

Article 18 of the 2009 EUTM Regulation (and now Article 21 of the 2017 EUTM Regulation) provides:

“1. Where an [EUTM] is registered in the name of the agent or representative of a person who is the proprietor of that trademark, without the proprietor’s authorization, the latter shall be entitled to demand the assignment in his favor of the same registration, unless such agent or representative justifies his action.”

Article 2(2) of the Spanish law, on the other hand, goes wider. It allows for recovery of ownership of a trademark, “when a trademark registration had been applied for in fraud of a third party’s rights or in breach of a legal or contractual obligation.”

On the facts of the case, Article 18 did not appear apposite. Article 2(2) of the Spanish law was better-suited to the facts, but the Spanish Supreme Court was uncertain as to whether or not it was open to a claimant to mount a claim for recovery of an EU trademark outside the ambit of Article 18 of the EUTM Regulation. It therefore asked the CJEU for guidance.

The CJEU ruled that it is indeed possible to mount such a claim. Nothing in EU law, it held, precludes the application of a national law provision that allows a claim of ownership of an EUTM that had been applied for in fraud of the claimant’s rights or in breach of a legal or contractual obligation, provided that the situation did not fall within Article 18 of the 2009 EUTM Regulation. In other words, where an EUTM is concerned and the claim involves an agent or

187 Case C-381/16 (CJEU, Nov. 23 2017) (ECLI:EU:C:2017:889).
representative it needs to be brought under the relevant provision of the EUTM Regulation. (This, going forward, will be Article 21 of the 2017 EUTM Regulation.) However, claims falling outside that can be brought under any applicable national law provisions. (In practice, there may be situations where the claims would need to be brought in the alternative.)

VII. USE, NON-USE, AND PROOF OF USE

A. Introductory Comments

Neither the EUTM Directive nor the EUTM Regulation requires that a trademark should be in use before the mark may be registered. Similarly, there is no requirement that the trademark owner should prove ongoing (or any) use of the trademark upon renewal of the registration, or at any other periodic interval.

Despite this, the EU does subscribe to the “use it, or lose it” principle. An EU trademark becomes vulnerable to attack on grounds of non-use once it has been registered for five years. A similar rule applies in relation to trademarks registered with national EU trademark authorities.

The question of whether or not a mark is in use at a given time may arise in two contexts. The first is where the registration of the mark is made the subject of a revocation attack on the specific grounds of non-use, which may happen on a stand-alone basis or as a counterclaim in infringement proceedings. The second is where the trademark in question is being used as an “earlier right” in a challenge to a third party’s trademark application or registration or in an infringement claim. In this latter situation, the third party may require, if the challenger’s mark is at least five years old, that “proof of use” be provided. To the extent that such proof is not then provided, the earlier right is disregarded for the purposes of the challenge.

The main provisions concerning the revocation of an EU trademark on grounds of non-use are found in Articles 18 and 58(1) of the 2017 EUTM Regulation (previously Articles 15 and 51(1) of the 2009 EUTM Regulation). The parallel provisions in relation to the trademark registrations on the registers of EU Member States are set out in Articles 10 and 12 of the 2008 TM Directive. (See now, also, Articles 16 and 19 of the 2015 TM Directive.)

The main provisions relating to “proof of use” in connection with challenges to third party marks are set out in Articles 47, 64(2) and 127(3) of the 2017 EUTM Regulation (previously Articles 42, 57(2) and 99(3) of the 2009 Regulation, respectively) and Article 11 of the

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188 There are also supplemental provisions relating to international registrations that designate the EU.
2008 TM Directive. (In the 2015 TM Directive, see Articles 17, 44 and 46.)

The first case mentioned in this Part is from the CJEU, and lays down an important distinction between the genuine use of a trademark and the use of a mark merely as a means of certifying product quality, without measures that could ensure the mark performed an origin-indicating function. There follow three EU General Court cases involving non-use revocation claims, a similar case from the Netherlands, and a case from the English Court of Appeal in which non-use was raised as a counterclaim in an infringement action. There are then two General Court opposition cases in which proof of use of the opponent’s rights was under scrutiny, and finally, a note on two German cases that indicate, first, the special considerations affecting the use of the ® symbol in Germany and, secondly, how the way in which the ® symbol is used could affect non-use claims.

B. Legal Texts

Article 18 of the 2017 EUTM Regulation

1. If within a period of five years following registration, the proprietor has not put the EU trademark to genuine use in the [European Union] in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the EU trademark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.

The following shall also constitute use within the meaning of the first sub-paragraph:

(a) use of the EU trademark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, regardless of whether or not the trademark in the form as used is also registered in the name of the proprietor.

(b) affixing of the EU trademark to goods or to the packaging thereof in the EU solely for export purposes.

2. Use of the EU trademark with the consent of the proprietor shall be deemed to constitute use by the proprietor.

[Note: The wording “regardless of whether or not the trademark in the form as used is also registered in the name of the proprietor” is new, and reflects case law under the old EUTM Regulation.]
Article 47 of the 2017 EUTM Regulation

2. If the applicant so requests, the proprietor of an earlier EU trademark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the EU trademark application, the earlier EU trademark has been put to genuine use in the Union in connection with the goods or services in respect of which it is registered and which he cites as justification for his opposition, or that there are proper reasons for non-use, provided the earlier EU trademark has at the date been registered for not less than five years. In the absence of proof to this effect, the opposition shall be rejected. If the earlier EU trademark has been used in relation to part only of the goods or services for which it is registered it shall, for the purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services.

3. Paragraph 2 shall apply to earlier national trademarks . . . by substituting use in the Member State in which the earlier national trademark is protected for use in the Union.

Article 64(2) of the 2017 EUTM Regulation

2. If the proprietor of the EU trademark so requests, the proprietor of an earlier EU trademark, being a party to the invalidity proceedings, shall furnish proof that, during the period of five years preceding the date of the application for a declaration of invalidity, the earlier EU trademark has been put to genuine use in the Union in connection with the goods or services in respect of which it is registered and which the proprietor of that earlier trademark cites as justification for his application, or that there are proper reasons for non-use, provided that the earlier EU trademark has at that date been registered for not less than five years. If, at the date on which the EU trademark application was filed or at the priority date of the EU trademark application, the earlier EU trademark had been registered for not less than five years, the proprietor of the earlier EU trademark shall furnish proof that, in addition, the conditions set out in Article 47(2) were satisfied at that date. In the absence of proof to this effect, the application for a declaration of invalidity shall be rejected. If the earlier EU trademark has been used only in relation to part of the goods or
services for which it is registered, it shall, for the purpose of the examination of the application for a declaration of invalidity, be deemed to be registered in respect of that part of the goods or services only.

**Article 58 of the 2017 EUTM Regulation**

1. The rights of the proprietor of the EU trademark shall be declared to be revoked on application to the [EUIPO] or on the basis of a counterclaim in infringement proceedings:

(a) if, within a continuous period of five years, the trademark has not been put to genuine use in the Union in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; however, no person may claim that the proprietor's rights in an EU trademark should be revoked where, during the interval between expiry of the five-year period and filing of the application or counterclaim, genuine use of the trademark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application or counterclaim which began at the earliest on expiry of the continuous period of five years of non-use shall, however, be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application or counterclaim may be filed.

**Article 127(3) of the 2017 EUTM Regulation**

3. In the actions referred to in points (a) and (c) of Article 124, a plea relating to revocation of the EU trademark submitted otherwise than by way of a counterclaim shall be admissible where the defendant claims that the EU trademark could be revoked for lack of genuine use at the time the infringement action was brought.

**Article 10 of the 2008 TM Directive**

**Use of trademarks**

1. If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trademark to genuine use in the Member

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189 Namely, infringement actions and actions for compensation in respect of post-publication, pre-registration acts.
State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trademark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use.

The following shall also constitute use within the meaning of the first subparagraph:

(a) use of the trademark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;

(b) affixing of the trademark to goods or to the packaging thereof in the Member State concerned solely for export purposes.

2. Use of the trademark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.

3. [Omitted].

Article 11 of the 2008 TM Directive

Sanctions for non-use of a trademark in legal or administrative proceedings

1. A trademark may not be declared invalid on the ground that there is an earlier conflicting trademark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2), or in Article 10(3), as the case may be.

2. Any Member State may provide that registration of a trademark may not be refused on the ground that there is an earlier conflicting trademark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2) or in Article 10(3), as the case may be.

3. Without prejudice to the application of Article 12, where a counterclaim for revocation is made, any Member State may provide that a trademark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trademark could be revoked pursuant to Article 12(1).

4. If the earlier trademark has been used in relation to part only of the goods or services for which it is registered, it shall, for purposes of applying paragraphs 1, 2 and 3, be deemed to be registered in respect only of that part of the goods or services.
Article 12 of the 2008 TM Directive

Grounds for revocation

1. A trademark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

However, no person may claim that the proprietor's rights in a trademark should be revoked where, during the interval between expiry of the five-year period and filing of the application for revocation, genuine use of the trademark has been started or resumed.

The commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expiry of the continuous period of five years of non-use shall be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.

( . . .)

C. Cases

1. EU—CJEU—Non-use—Does the use of a trademark for the purpose of certifying the quality of a product amount to genuine use of the mark?

According to a ruling of the CJEU on June 8, 2017, use of a regular EUTM purely as a label of quality does not amount to genuine use of the mark. On the other hand, if the use of the mark guarantees not only the quality of the goods but also their trade origin—i.e., that the goods come from a single undertaking, under the control of which the goods are manufactured, and which is responsible for their quality—then the use is sufficient for that purpose.

The case is W. F. Gözze Frottierweberei GmbH v. Verein Bremer Baumwollbörse.\(^{190}\) It came before the CJEU on a reference from the Oberlandesgericht Düsseldorf (Higher Regional Court, Düsseldorf) Germany.

\(^{190}\) Case C-689/15 (CJEU, June 8, 2017) (ECLI:EU:C:2017:431).
The German proceedings from which the CJEU reference came involved a claim for infringement of the EUTM shown below, which is a figurative sign depicting the cotton flower. The mark is registered as a regular EUTM (referred to by the CJEU as an “individual” mark), as opposed to a certification mark or a “collective” trademark.

The defendant had used the cotton flower device for many years without a license. It sold towels bearing a hangtag as shown here, in which the cotton flower device appears on the lower left.

The defendant counterclaimed in the infringement proceedings, arguing that the cotton flower mark was invalid or, alternatively, liable to revocation. Among other things, the defendant argued that the cotton flower mark had not been put to genuine use, within the meaning of Article 15 of the 2009 EUTM Regulation (corresponding to Article 18 of the 2017 EUTM Regulation) over the five years ending on May 23, 2013.

The trademark owner, the VBB, is an association that carries out various activities related to cotton. Its legal form is that of an association by state charter (kraft staatlicher Verleihung), and its activities include the promotion of cotton and the provision of information on the subject, as well as providing a reference value for cotton on the market. Its activities include the licensing of the cotton flower mark to textile manufacturers. It charged fees, which it used for its promotional activities. The license agreements required that the licensees’ products be made from good quality cotton fibers, and the VBB reserved an inspection right in this regard. The defendant did not hold a license.

The issue before the CJEU was whether or not the nature of the use being made under this licensing scheme amounted to genuine
use of the cotton flower mark. According to the CJEU, it was common ground that the licensees used the mark “in order to create or preserve an outlet for their goods” (a requirement of genuine use derived from the CJEU’s case law).\footnote{See Ansul BV v. Ajax Brandbeveiliging BV, Case C-40/01 (ECLI:EU:C:2003:145); Verein Radetzky-Orden, Case C-442/07 (ECLI:EU:C:2008:696); and Silberquelle GmbH v. Maselli-Strickmode GmbH, Case C-495/07 (ECLI:EU:C:2009:10).} But the CJEU held that this was not in itself sufficient. It was, held the CJEU, equally indispensable that the use of the mark should be in accordance with the “essential function” of (“individual”) trademarks—namely to distinguish their trade origin.

The use of a mark would therefore not be considered to meet the genuine use requirement where it serves to certify the quality or composition of goods but does not serve as a guarantee to consumers that the goods came from a single undertaking that controls their manufacture or supply and is consequently responsible for the quality of the goods or services. In other words, where a mark is used for the sole purpose of being a label of quality, this does not amount to a genuine use of a regular or “individual” EUTM.

In the present case, the CJEU noted the various functions fulfilled by the VBB, which it considered “suggests that the association [i.e., the VBB] is external to its licensees’ production of goods and is not responsible for those goods either.”\footnote{W. F. Gőzze Frottierweberei GmbH v. Verein Bremer Baumwollbörse, Case C-689/15, para. 48 (CJEU, June 8, 2017) (ECLI:EU:C:2017:431).} Unfortunately, the CJEU did not expand on this to indicate what kinds of factor might make it possible to conclude that the use of the mark in the present case did serve an origin-identification function. This was left largely for the referring court.

However, the CJEU did hold that the fact that the license agreements enabled the VBB to verify that the licensees use exclusively good-quality cotton fibers did not itself evidence an origin-indicating function. This, at most, showed that the VBB certified the quality of the raw material. This kind of certification might be relevant to the functions of a certification mark, but not of an “individual” mark: The CJEU went on to hold “such a mark fulfills its function as an indication of origin where its use guarantees to consumers that the goods bearing it come from a single undertaking under the control of which they are manufactured and which is responsible for the quality of those goods, in their finished state and following the manufacturing process.”\footnote{Id. para. 50.}

This ruling has significant implications for EU trademark licensing schemes on two levels. In the first place, certification marks have only been introduced at EUTM level this year. Up until now, some operators of what are effectively certification schemes
have used the regular EUTM regime instead, for lack of the more appropriate tool. Certification licensing schemes operated using regular EUTMs are inherently at risk of falling foul of the genuine use requirements, on the above analysis.

Secondly, at a more general level, there is little in the EUTM Regulation to regulate the licensing of “individual” EUTMs, which means that in practice they vary as to the level of control (if any) that they impose on licensees’ manufacturing processes and product quality. Therefore, quite apart from issues to do with certification marks, some of the more liberal licensing arrangements undertaken in respect of regular EUTMs (or national marks) could expose the subject trademarks to non-use issues when the VBB analysis is applied.

A further question raised by the referring court touched on a related issue, namely whether or not an “individual” mark should be declared invalid where the proprietor of the mark fails to ensure, by carrying out periodic quality controls of its licensees’ operations, that expectations relating to the quality that the public associated with the mark are being met. However, the question was framed by reference to Article 7(1)(g) of the 2009 EUTM Regulation, which provides an “absolute” ground for the refusal of an EUTM application on the grounds that the mark is deceptive. It was easy therefore for the CJEU to rule, as it did, that the way in which the owner conducted its licensing scheme under the mark once registered could not impact on its inherent registrability at the time of registration. Thus there was no opportunity for a ruling on the possibility that poor de facto control of licensees may give rise to grounds for the revocation of an originally valid registration.

2. EU—EU General Court—Could evidence that an EUTM owner had transferred its underlying rights in the mark some time prior to filing the EUTM prevent him from giving an effective consent to use of the EUTM?

In Windrush Aka LLP v. EUIPO, the EU General Court had to deal with a non-use claim relating to the name of a once-popular British musical band, The Specials. Judgment was given on March 22, 2017.

The band’s name had been registered as an EUTM in 2005 by Jerry Dammers, the group’s founder and songwriter, in Classes 9, 16, 25, and 41. In non-use cancellation proceedings before the Cancellation Division and Board of Appeal of the EUIPO, commenced in 2012, the mark was cancelled for all goods and services except compact discs in Class 9. For compact discs, the

registration was upheld on the basis that the mark THE SPECIALS had been used in relation to the products concerned by third parties with Mr. Dammers’s consent. The question before the EU General Court was, whether or not Mr. Dammers had given a valid consent to the use in question. The appellant— the cancellation applicant— argued that he had not.

The evidence concerning the use in question, on which the Board of Appeal had relied, came chiefly in the form of statements of royalties that had been paid by third parties in consideration for their use of the mark THE SPECIALS over the five-year period for which non-use was alleged, which ran from October 2007 to October 2012.

The appellant unsuccessfully ran various arguments, but its main substantive argument, also unsuccessful, was that the Board of Appeal had failed to take account of a 1979 agreement by which Mr. Dammers had, according to the appellant, divested himself of all rights in the trademarks:

The applicant [i.e. the appellant] complains that the Board of Appeal did not take into consideration certain provisions of the agreement of June 8, 1979, from which it is, in its view, apparent that the intervener had assigned rights related to the activity of the music group “The Specials”, among which were the rights relating to any use of that group’s name, including as a trademark, with the result that he was no longer the proprietor of those rights. It adds that, on account of the assignment of those rights, the evidence provided by the intervener was not, contrary to what the Board of Appeal found, capable of establishing that he had consented to the use of the contested mark by a third party.195

In other words, according to the evidence of the agreement, Mr. Dammers had no longer been the owner of any rights in the name of the group at the time when he filed the trademark application. Thus, the appellant argued, he could not have given a valid consent to a third party for use of this mark over the subsequent five year period.

The General Court disagreed, noting first that the action was not a bad faith application (see Part VI above) under which Mr. Dammers’s right to the mark (as such) could have been challenged. It was simply a non-use action. Whatever arrangements might have been made in 1997, Mr. Dammers, having obtained the registration of the EUTM through his subsequent application, was entitled to enjoy the rights of an EU trademark owner accordingly. In this context, according to the General Court, the appellant could not usefully rely on the alleged earlier assignment of 1979 to support its

non-use claim. In other words, if one is the registered proprietor of an EUTM, then one is to be regarded as proprietor of the mark for the purposes of giving a consent to its use regardless of any claims that might potentially be made, in the course of different proceedings, to challenge the underlying ownership and thus (potentially) obtain cancellation of the mark through a different route.

The EU General Court went on to dismiss, also, the appellant’s claim that the evidence put forward to support the use in question had, in fact, no evidential value. The evidence consisted of letters sent to Mr. Dammers by an accountant, detailing royalties paid for use of the contested mark, together with detailed royalty statements. The court acknowledged that consent must be expressed in an unequivocal fashion, and therefore would usually need to be in an express form. However, the requirement of unequivocality did not mean that consent could not in some cases be inferred. In the present case, the court considered, the evidence was a sound enough basis for the Board of Appeal to have concluded that the marks had been used with the trademark owner’s consent.

3. EU—General Court—What degree of tolerance is there in the concept of “use not altering the distinctive character of the trademark,” when the use of a trademark differs from its registered form?

Use of a trademark in a form differing from the registered form, but where the differences do not alter the distinctive character of the mark as registered, may count as genuine use of the mark. What kinds of difference are tolerable for this purpose? This issue was explored in Galletas Gullón, SA v. EUIPO,¹⁹⁶ in which the EU General Court gave its judgment on October 23, 2017.

The case involves a non-use revocation action brought by the UK telecom company O2 Holdings Ltd against Gullón’s EUTM registration for the trademark shown here, registered in Class 30 for biscuits:

The mark is a three-dimensional sign in which the colors blue, green, red, white, yellow, and black are claimed. Pursuant to Article 51(1)(a) of the 2009 EUTM Regulation (corresponding to Article 58(1)(a) of the 2017 EUTM Regulation), O2 submitted that the EUTM should be revoked for non-use over a five-year period.

One of the questions arising on the appeal was whether the form of packaging that Gullón submitted in its evidence of use, which differed somewhat from the registered form, could count for these purposes, given that difference.

Article 15(1) of the 2009 EUTM Regulation (now Article 18(1) of the 2017 EUTM Regulation) provides that “use of an EUTM in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered” is to be regarded as use meeting the genuine use requirements of the Regulation.

The General Court noted that, according to CJEU case law,197 the purpose of Article 15(1) is to allow the EUTM proprietor to make variations to the mark which, without altering its distinctive character, enable it to be better adapted to marketing and promotional use. It allows for situations “where the form of the sign used in trade differs from the form in which that sign was registered only in negligible elements, with the result that the two signs can be regarded as broadly equivalent.”198

The form of the packaging actually used by Gullón had been examined by the EUIPO Board of Appeal, and a comparison was given in the Board of Appeal’s decision of what it considered to be the main features of the mark as registered and as used. The following is an extract showing the comparison.199

<table>
<thead>
<tr>
<th>Main elements as registered</th>
<th>Main elements as used</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="example1.png" alt="Image 1" /></td>
<td><img src="example2.png" alt="Image 2" /></td>
</tr>
<tr>
<td><img src="example3.png" alt="Image 3" /></td>
<td><img src="example4.png" alt="Image 4" /></td>
</tr>
</tbody>
</table>


199 Decision of May 19, 2016, R1613/2015-4 (Shape of a package).
The EUIPO Board of Appeal considered that the differences between the packaging as registered and the packaging as used were too significant to count as genuine use. The EU General Court, however, disagreed, holding:

It is apparent that the only elements which differentiate the registered mark from the mark used are, first, the white color in the upper part of the packaging and, secondly, the stylisation of the element “gullón” and of the letter “O” and the number “2” in the element “mini O2”.

Contrary to what the Board of Appeal found, those changes were not capable of altering the distinctive character of the registered mark. The changes made to the elements “GULLON” and “mini O2” in the registered mark, more specifically, the use of lower case rather than upper case, the presence of a green square rather than a green rectangle, the removal of a red band and the fact that the letter “O” and the number “2” in the element “mini O2” are written in white with a blue outline rather than in blue, are minor changes, which are ornamental in nature, do not in any way stand out by virtue of their originality and do not therefore significantly alter the overall impression created by the registered mark.

That finding cannot be altered by the fact that the combination of colors “blue-yellow-blue” on the packaging of the registered mark was replaced by the combination of colors “white-yellow-blue” on the packaging of the mark as used. Contrary to what the Board of Appeal found, the combination of colors “blue-yellow-blue” is not a distinctive or dominant element of the registered mark.200

The General Court noted that, according to the case law,201 colors are considered to possess little inherent capacity for communicating specific information. The General Court noted also that the colors in question here were rather commonplace. They would not be perceived by the consumer as particularly striking and memorable – being likely to be viewed as serving purely aesthetic or presentational purposes rather than as being an indication of the commercial origin of the goods.

The General Court concluded that the form of packaging actually used amounted to genuine use of the registered mark notwithstanding the differences, annulling the decision of the Board of Appeal which had found to the contrary.


4. EU—EU General Court—Can marketing and other business support functions provided as part of an organization’s wider activity be regarded in themselves as services for which its trademarks are used, and can evidence of reputation count as evidence of use?

A short note on a General Court decision of October 4, 2017, suffices to drive home a few pertinent points in relation to the proof of genuine use. The case is Intesa Sanpaolo SpA v. EUIPO,202 and it concerns a non-use cancellation action against an EUTM—INTESA—that had been registered by the bank Intesa in (inter alia) Classes 35 and 36.

In Class 35 the contested registration covered “advertising; business management; business administration; and office functions.” In Class 36, it covered “insurance; financial affairs; monetary affairs; and real estate affairs.” The EUIPO Cancellation Division and Board of Appeal upheld the attack on the mark regarding advertising and office functions in Class 35 and real estate affairs in Class 36, and this decision was appealed by Intesa to the General Court.

The General Court dismissed the appeal.

Regarding the Class 35 advertising and office functions, the General Court confirmed that an undertaking does not make a genuine use of its mark for such services merely because it advertises its own products or services and performs office functions in the operation of its own business. “Advertising services” involves independent activities in the field of advertising to which third parties might have recourse. “Office functions” also entails a separate third party offering, not a merely internal use.

Regarding Class 36 “real estate affairs,” there was a lack of information concerning the duration, place and extent of use of the INTESA mark in connection with services of this kind. In this connection, the trademark owner sought to rely on a 2010 decision of the District Court of Florence, Italy, an extract of which it submitted in support of its case. However, there were various problems connected with the trademark owner’s reliance on this, chief among them (arguably) being that the decision supported the view that the INTESA mark had a reputation in Italy, not that it had been the subject of genuine use in Italy. The General Court took the opportunity to emphasize that proof of reputation has surprisingly little to do with proof of genuine use:

According to the case-law, the provisions relating to the requirement for genuine use of an EU trademark, such as the first subparagraph of Article 15(1) of [the 2009 EUTM

Regulation] and Article 51(1)(a) of that regulation, pursue a different objective from that pursued by the provisions relating to the extended protection conferred on trademarks that have a reputation in the European Union, such as Article 8(5) of that regulation (now Article 8(5) of [the 2017 EUTM Regulation]). While the latter provision concerns the conditions governing protection that also extends beyond the categories of goods and services in respect of which an EU trademark has been registered, the notion of genuine use expresses the minimum condition of use that all marks must satisfy in order to be protected. It follows that the provisions concerning the requirement of genuine use of the EU trademark and, in particular, the criteria laid down by the case-law for the purposes of proving genuine use, are to be distinguished from the provisions and criteria relating to the reputation of such a mark (see, to that effect and by analogy, judgment of September 3, 2015, Iron & Smith, C-125/14, EU:C:2015:539, paragraphs 21 and 23). Those two types of provisions must therefore be interpreted independently (judgment of April 8, 2016, FRISA, T-638/14, not published, EU:T:2016:199, paragraph 34). Consequently, the reputation of the contested mark does not, in itself, show that there has been genuine use of that mark in connection with the services in question.

The burden of proving genuine use of a mark cannot be met, as such, by proving merely that the mark has a reputation. In any event, even if the Florentine decision had been relevant in other respects, it said nothing about the use of the contested mark in relation to the specific Class 36 services, relating to real estate, under consideration here.

5. UK—Court of Appeal of England & Wales—Can evidence of use of a mark for goods in relation to a large number of identifiable sub-categories support its continued registration for the entirety of the wider category?

A ruling of the English Court of Appeal in November 2017 concerns a dispute regarding the use of the name and trademark MERCK in the parties’ respective pharmaceutical business. The case is Merck KGaA v. Merck Sharp & Dohme Corp & Ors. The decision was handed down on November 24, 2017. The long judgment—running to 320 paragraphs and 85 pages—would repay

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204 [2017] EWCA Civ 1834 (English Court of Appeal, Nov. 24, 2017).
careful study by anyone contemplating writing a major global co-existence agreement. However, since it is so dependent on its own specific facts, the present case note has been kept short.

The case concerns allegations of trademark infringement and breach of contract. The infringement claims were based on UK-registered trademarks and certain international registrations protecting the MERCK trademark in the UK. The action had commenced in the English High Court on March 8, 2013, and is the action that triggered the CJEU *lis pendens* reference by the Landesgericht Hamburg, the CJEU’s 2017 ruling in which is reported separately later in this Review.

The Merck business was founded in 1668 in Germany. In 1889 a member of the Merck family established a business in the United States that was economically supported by, but not part of, the European business. The use of the MERCK name and mark has been regulated by successive agreements. The current dispute arose because of what the Europe-based business perceived to be a substantial growth in the use of MERCK by the U.S.-based business outside the United States and Canada. This included use in social media and on a number of websites, such as merck.com, merckformothers.com and merck-animal-health.com. At first instance, these websites were found, inter alia, to target scientists and inventors in the UK, to seek to recruit UK-qualified personnel to jobs in the UK, to solicit UK suppliers, and to set out purchase order terms.

At first instance, the first defendant (being the relevant contracting party) was held to have acted in breach of the governing co-existence agreement, and the defendants generally were held to have infringed the UK trademark rights.

The appeal to the English Court of Appeal was wide-ranging. Appeal grounds taken in respect of the contract claim addressed issues including whether or not the key contractual restriction was apt to catch corporate, business or trade name uses, as well as trademark use, and whether or not the restrictions on trademark use pertained to services as well as goods. The issues were complex because the English court had required evidence on German law principles of contract interpretation—the question of the governing law having been determined to be German in a preliminary ruling—and because of the long and complex history of the co-existence arrangements. None of the issues raised on the appeal in respect of the contract claim was successful.

However, the appellants achieved greater traction with their arguments on the trademark infringement claim, to the extent that the English Court of Appeal has referred back to the English High Court a number of issues for rehearing. Of these, the two main substantive issues concern, first, a non-use revocation counterclaim that the appellants had brought against the claimant’s MERCK
registration and, secondly, the question of whether or not the uses of MERCK observed on the relevant websites actually amounted to a use of the mark in the UK in relation to relevant goods or services.

The non-use issue related to the question of how far the scope of the claimant’s registered trademark rights should be cut back—it having been established that the claimant had not used its mark for the full range of goods covered by the registrations. The specifications of goods and services of the registered MERCK trademarks that were relied on varied between the different trademarks, but in overall terms they covered (inter alia) all kinds of pharmaceutical, veterinary, and sanitary preparations in Class 5 and a range of other goods and services in Classes 5, 10, and 42.

The appellants accepted that the claimant had established use of its mark for certain pharmaceutical products. These were products intended for the treatment of twelve differing disorders, namely: cancer, multiple sclerosis, infertility, endocrine disorders, cardiovascular diseases, peripheral vascular disorders, alcohol dependence, asthma, depression, parasitic worm infections, endometriosis, and intestinal disorders. The appellants also accepted that use had been established in respect of pharmaceutical cod liver oil. On this basis, and having no evidence of use for other relevant descriptions of goods and services, the trial judge had determined that the registrations relied on should be partially revoked, but in a way that would leave the registrations in place for “pharmaceutical substances and preparations.” The appellants contended that this retained scope of registration was unjustified and impermissibly broad, having regard to the limited specific uses shown to have been actually made of the mark.

The English Court of Appeal considered that the trial judge had fallen into error in accepting that the registration might be maintained for the broad category of “pharmaceutical preparations and substances” on the basis only of evidence that it used the mark for products pertaining to the twelve specific indications noted above. It was well-established that one could, and should, identify within the category “pharmaceutical substances and preparations” a number of sub-categories, each of which is capable of being viewed independently. And the purpose and intended use of the product would be important in identifying the relevant sub-categories. The judge ought to have called for further argument to determine what a more appropriate retained specification, based on appropriate product sub-categories, would be.

On the second question, of infringing use, the appellants took a number of points, the most fundamental of which being that the appearances of “MERCK” on the appellants’ websites and social media platforms simply did not amount to use of a character that could infringe a UK trademark. The ruling is interesting because of the clarity of distinctions it made between instances of use of an
infringing character and those of a non-infringing character. The Court of Appeal’s analysis is not only pertinent to the question of infringement but could also be relevant when examining whether or not the use in question could have qualified (had the boot been on the other foot) as genuine use of the trademark in question by the defendants.

The Court of Appeal rejected criticism of the trial judge’s approach, noting with approval that the judge “did not proceed on the basis that every use of the designation “Merck” on each website constituted use in relation to everything characterizable as a product or service appearing anywhere on the sites.” The Court of Appeal confirmed that, “the question must always be whether the activity complained of constituted use of the offending sign in the UK and in such a way that consumers were liable to interpret it as designating the origin of the goods or services in question.” The judge had correctly ignored uses of the word “Merck” which “consumers would understand to be a description of an entity engaged in an activity other than the provision of goods and services, such as “Merck is active in deal making” or “At Merck, corporate responsibility is a cornerstone . . . .”

Moreover, the trial judge had correctly found that the established uses of “merck.com” as a domain name and “@merck.com” as an email address constituted use of “MERCK” as a trade name and not, at least in general, as a trademark.

However, the Court of Appeal considered that the first instance ruling had not sufficiently elucidated which instances of use of MERCK—among a very large volume of materials presented to the court—the court considered to amount to infringing use, and why it had found this to be the case. The Court of Appeal illustrated the point by reference to the judge’s finding that uses for “addressing research” and “dealing with research and development” in the field of maternal health were infringing. The Court of Appeal held, “no doubt Merck U.S. carries out extensive research and development but whether Merck U.S. has used the word ‘Merck’ in the UK as a trademark in relation to these activities is a very different question. Each use must be considered in order to come to a conclusion whether it constitutes use of the offending sign in the UK in the course of trade in relation to relevant goods or services. Yet Merck U.S. has been found to infringe by referring in some unspecified way to these generalized activities on pages which are not identified in one or more of its websites.”

The issue was exacerbated by a certain apparent inconsistency between instances of use that the High Court had identified as being

205 Merck KGaA v. Merck Sharp & Dohme Corp & Ors, [2017] EWCA Civ 1834, CA, para. 275.

206 Id. para. 278.
non-infringing, and comparable instances that the court had held to infringe.

The case illustrates the extent to which the English courts will go in the close and forensic analysis of alleged infringement.

6. Benelux—District Court Noord-Holland (The Netherlands) —Non-Use—valid reasons for non-use—
Do the withdrawal of political support and inability to obtain the required permits for the renovation of a shopping mall amount to a valid reason for not (genuinely) using a trademark that had been intended to be the name of the mall?

No. In its decision of September 20, 2017, in _Hoog Catharijne/RNW_, the District Court of Noord-Holland ruled that this does not constitute a valid reason in the context of a claim for the cancellation of a registered trademark by reason of a failure to make genuine use of the mark concerned.

In this case, RNW owned a trademark that it intended to use for a certain shopping mall following its renovation. However, eventually plans for renovating the mall were abandoned. At issue in this case was essentially whether this amounted to a valid reason for not putting the trademark to genuine use. RNW took the position that it had intended to use the trademark for the renovated mall, but was prevented from doing so as political support for the project had been withdrawn, and the required permit had not been granted.

However, the District Court considered that these circumstances did not mean that the factors preventing use the trademark were primarily outside the control of RNW. In this respect, the court attached particular relevance to the fact that, before RNW had concluded a letter of intent, it had already negotiated with the municipality for four years in connection with its renovation proposals, without there being any indication that during this period any research into the public opinion had been carried out. In particular, it had not been checked how the ambitious plan, which had far-reaching consequences for the area and its inhabitants, would be received. Furthermore, it was not shown that RNW had safeguarded itself in any way against delays or withdrawal of the municipality’s support as a consequence of any potential negative reception of the plans. The court considered that had RNW done that, it would have changed its strategy earlier. And in that case, it could have opted for an alternative—that is, the development of another mall, for which it could have used the trademark.

207 _ (District Court Noord-Holland, Sept. 20, 2017), _IEF_ 17120 (_Hoog Catharijne/RNW_, _URNW_).
7. EU—EU General Court—When does the appearance of a trademark on product labels and invoices not amount to evidence of genuine use of the mark?

In *M.I. Industries, Inc. v. EUIPO—Natural Instinct*, the EU General Court had to consider the sufficiency of evidence submitted by the opponent in an EUTM opposition to prove the use of the two EU trademarks on which it relied. The General Court’s decision was given on February 15, 2017.

The earlier marks, for which proof of use was required, were INSTINCT and NATURE’S VARIETY. Both were registered for pet foods and pet treats. Both of the marks had been registered for more than five years.

A first consideration for the General Court concerned the probative value to be ascribed to an affidavit sworn by the owner of Cats’ Country, a company established in Germany that appeared to be the opponent’s sole EU customer for INSTINCT brand products. The Board of Appeal had determined that the affidavit should be assessed as having a probative value less than that of third-party statements because Cats’ Country, apparently being the sole importer and distributor of the product in Germany as well as being the only customer, could not be regarded as being wholly independent of the opponent.

The General Court disagreed. Although case law has established that affidavits from persons with close links to a party are of lesser probative value than those of third parties, and require corroboration, the General Court held, “the existence of contractual links between two distinct entities, as is the case here, does not, on its own, mean that the affidavit from one of those entities is not that of a third party, but that of a person having close links with the party concerned, so that such a statement has less probative value.”

The General Court went on to hold that, even if Cats’ Country were, as it understood to be the case, the sole importer/distributor for the EU, the resulting links that it had with the opponent could not be compared to those of an external consultant linked with the opponent. The General Court distinguished, in this regard, the case that gave rise to the judgment of the General Court in *Naazneen Investments v. OHIM—Energy Brands (SMART WATER)*. According to the General Court, the notion of “a person having close links with the party concerned,” whose evidence is to be regarded as having lesser probative value, is a reference to a party’s employees,

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209 Id. para. 42.
to its subsidiaries’ employees, and to “an external service provider” which, in this regard, might be treated in the same way as an employee of the party concerned.

The General Court went on to hold that the Board of Appeal had also been wrong to hold that proof of use required the opponent to provide evidence that the goods under the INSTINCT trademark concerned had actually found their way to the end consumer in the EU. Outward use of a trademark sufficient to meet the proof of use requirement does not necessarily have to be addressed to end consumers, as opposed to trade and professional buyers, and “it cannot . . . be ruled out as a matter of principle that the use of a mark shown by commercial measures addressed solely to professionals in the sector concerned [i.e., here, Cats’ Company] can be regarded as a use consistent with the essential function of the trademark . . . .”211 The Board of Appeal had, additionally, been wrong to hold that sales to just one customer could, a priori, not be sufficient. The General Court therefore ruled that proof of use in respect of the INSTINCT mark should be reconsidered.

However, the General Court rejected the appeal in respect of the evidence of use of NATURE’S VARIETY, where the issue was different. The General Court concluded that none of the evidence in this regard showed use of NATURE’S VARIETY as a trademark. It appeared, on a mock-up label, only on the rear of the can and in very small print, and would be understood as a company name included in order to identify the manufacturer—and not as a use of the mark as a trademark. Similarly, on invoices the name NATURE’S VARIETY, although appearing on the top of the invoices, the use was exclusively there to identify the entity which sold the (INSTINCT) goods referred to in the invoice. Moreover, held the court “[t]he presence of the symbol ® next to the sign NATURE’S VARIETY does not change that finding.”212

8. EU—EU General Court—Is evidence of use of the branded product by professionals to be regarded as evidence of use of the trademark?

The EU General Court case Hersill, SL v. EUIPO—KCI Licensing213 concerns an appeal, in an opposition case, relating to proof of use of the opponent’s marks.

The opponent in the case, KCI Licensing, Inc., relied on EUTMs registered for, among other things, bandages in Class 5 and wound treatment equipment in Class 10. The EUTMs in question were

more than five years old, and so the opponent was required to prove use.

The EUIPO Board of Appeal had found use of the opponent’s mark V.A.C. to be established and ruled in favor of the opponent on this basis.

The unsuccessful applicant argued, on appeal to the General Court, that the evidence of use adduced by the opponent lacked probative value. It challenged in particular the value of certain statements that had been provided by healthcare professionals and patients who had used the V.A.C. products or had them applied to their wounds. The statements in question were pre-formulated declarations that had been completed by physicians, nurses and other hospital staff and patients. These were an important part of the overall evidence of use, since most of the other materials were from outside the relevant five-year period or were undated, whereas the declarations (which had in fact been prepared for use in other proceedings) had been made within the relevant period.

The EU General Court ruled in favor of the appellant, finding the statements to lack probative value. The General Court held:

... those statements describe the use, by health professionals, of products covered by the mark V.A.C. on patients for therapeutic purposes. They therefore describe the use of those products by the relevant public, but not the use of that mark by the [EUTM owner] on the market in order to create or preserve a share in the market for the products protected by that mark and to create or preserve an outlet for those products, during the relevant period. Consequently, they cannot establish, by themselves, the use of the mark V.A.C. by the [EUTM owner] during that period.214

In other words, the evidence showed use of the branded products by the consumers of the products in question, but not the use of the mark by the trademark owner for the purpose of marketing the products.

The court went on to reject the opponent’s assertion that use of the mark by the trademark owner in the relevant period should be inferred from the evidence of the statements. The court held that although it was likely, having regard to that evidence, that some use had been made of the mark during the relevant period, for example when hospitals replenished their stocks, the trademark owner should have provided evidence, such as invoices, from the relevant five-year period which could have demonstrated the actual use and its duration, extension and regularity.

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9. Germany—Court of Appeal of Frankfurt/Main and German Federal Supreme Court—Use of the ® symbol for a trademark, when the mark is used in a way differing from its registration.

On August 17, 2017, in Case No. 6W 67/17,215 the Court of Appeal of Frankfurt/Main rendered a decision on the use of the ® symbol for a trademark that was used in a way differing from its registration. On May 11, 2017, the German Federal Supreme Court rendered its Dorzo decision,216 on the genuine use of a trademark in the context of which the use of the symbol ® played a decisive role.

- **Use of ® symbol for mere word element of a composite trademark**

In the case underlying the August 2017 decision of the Court of Appeal of Frankfurt/Main, the trademark consisted of a combination of a word and a device element.217 Nevertheless, the trademark owner also used the ® symbol in a context in which the trademark was represented only by its word element.

Under German law, as soon as a trademark has been registered in the German trademark register, or as an EUTM or as an International Registration with extension to Germany or the EU, its status of being registered may be indicated. Nevertheless, registration indicators are not used at all in many business sectors as, in accordance with Art. 5 D of the Paris Convention, it is not required by law and as it is not necessarily advantageous. In particular, the use of a registration indicator is not necessary to claim compensation from a trademark infringer. If a registration indicator is used, it is usually the ® symbol.

In Germany, the use of the ® symbol for a trademark that is not registered is regarded to be an act of unfair competition, since the relevant business circles will mistakenly assume that the sign next to the ® symbol is a registered trademark and that the user is authorized to use this trademark in a capacity of a right holder or licensee (see German Federal Supreme Court decision Thermoroll218). Such use would constitute an act of unfair competition on the grounds of deception and misrepresentation. The idea behind this position is that goods that are designated with a trademark that bears the ® symbol would be perceived as a branded product by the public. The appraisal of a product as being a branded product suggests that the product is reliable in that is has a certain

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215 Case No. 6W 67/17 (Court of Appeal of Frankfurt/Main, Aug. 17, 2017).
217 The decision does not identify the trademark other than to indicate that the figurative element was a half-moon device.
218 Case No. IZR 219/06 (German Federal Supreme Court, Feb. 26, 2009).
continuous quality level, since any deficiencies could be attributed to an identifiable manufacturer who is thereby forced to ensure the quality, or otherwise reduce the price or take the product from the market.

To avoid an unfair competition allegation in Germany, it is therefore necessary to ensure that the only trademarks that are indicated to be registered are those that are actually registered. This includes the need to ensure that a trademark is not indicated to be registered if the mark is not registered in the manner in which it is presented.

This is important in the context of composite marks which combine word and device elements. If the ® symbol is used for such a mark, it is important to place it in a way that it is correctly attributed only to the designation or component that is actually subject to the trademark registration. In particular, it should be clear that, for example (if this should be the case) it is not the word or the device element as such that is registered, but the combination of the word and the device elements.

To determine the parameters of permitted use of the ® device, with these considerations in mind, the Court of Appeal of Frankfurt/Main decided that the rules which are used in the assessment of a genuine use of a trademark could also be applied in this context. As regards genuine use, Paragraph 26 (3) of the German Trademark Act reads: “The use of the trade mark in a [form] which deviates from the registration shall also be deemed to constitute use of a registered trade mark insofar as the deviations do not change the distinctive character of the trade mark. Sentence 1 shall also be applied if the trade mark is also registered in the [form] in which it has been used.”

Applying this rule in the different context of use of the ® symbol, this means that the use of the ® symbol for only the word element of a mark that is registered in a composite form (with figurative elements) is harmless if dropping the device element would not change the overall character of the mark as registered. The same analysis will apply if the entire composite mark is used, but the ® symbol is placed in a way that refers only to the word element.

It is therefore necessary to assess the distinctiveness of the elements within a composite mark. Use of the ® symbol in a way that it is related only to a non-distinctive or less distinctive element will therefore not be permitted, whereas use of the ® symbol in a way that it is related only to the sole distinctive element could be acceptable. If the composite mark consists of two (or more) distinctive elements, the use of the ® symbol in a way that it is related to only one of the distinctive elements will therefore not be permitted.

In the case in hand the word element was considered the only distinctive element, so that using the word element in itself without
the device was not considered to change the overall character of the mark as registered. Consequently the use of the ® symbol for the word element was considered permissible.

- **Use of ® symbol and relevance for genuine use of a trademark**

  While the rules on the genuine use of a trademark can be decisive for the question of whether or not the use of the ® symbol is incorrect (and may constitute an act of misrepresentation) in Germany, the question of whether or not the use of the ® symbol is incorrect may, in turn, be decisive for the question of genuine use of a trademark—as it can be seen from the case decided by the German Federal Supreme Court in May 2017.

  In the underlying case, an opposition had been filed on the basis of the registered trademark DORZO, which had been used as Dorzo-Vision®, DorzoComp-Vision®, and DorzoComp-Vision® sine, as shown below:

  ![Image](image-url)

  The German Federal Patent Court considered this manner of use not to be a genuine use of the DORZO mark, and therefore not sufficient to maintain the trademark protection for the DORZO registration. The German Federal Supreme Court confirmed this assessment.

  In assessing the combination of a trademark with further components in the context of a non-use claim, it has to be evaluated whether the further components have a [relevant] relationship with the trademark, or whether they are independent [general] indications, or elements of the packaging get-up, that are not relevant when assessing whether or not there has been genuine use of the trademark. The combination of a registered trademark with further components would not amount to genuine use of the registered mark if the further components are connected with the trademark in a way that forms a composite mark. According to the German Federal Supreme Court, in the present case, such a link was established in the combination of the trademark DORZO with
the components “Vision®,” “Comp-Vision®,” and “Comp-Vision® sine” because of the spatial connection, the hyphen or the writing as one word, the homogenous typeface and the identical coloring. Even though the typography, hyphen, and color may not, in themselves, establish the link, they could be considered in the overall assessment.

In this regard, it was of particular relevance, in the view of the German Federal Supreme Court, that the Federal Patent Court had based its view also on the fact that the ® symbol was not placed behind the word “Dorzo” but behind the overall combination. This suggested that the overall combination is one unitary composite trademark, as the public would assume that this is the registered trademark.

Whether or not the trademark DORZO may have an independent origin-designating character within the overall combination was not, the Federal Supreme Court considered, relevant. The Court recognized that this is an aspect that can play a role in the assessment of a likelihood of confusion—i.e., when assessing a trademark’s scope of protection, as opposed to assessing the perception of a trademark’s identity—but held that the question of genuine use of a trademark used in combination with further components is to be answered only by reference to the perception of the combination—i.e., as to whether it is perceived, as, on the one hand, as a combination of independent signs or, on the other, as a single composite sign. It was not appropriate simply to weigh up the components in relation to their degree of distinctiveness within the composite sign.

### Side note: Use of ™ symbol

On a side note it may be mentioned that the ™ symbol, indicating a pending trademark application and/or the applicant’s claim of a right to the trademark (even though not a registered right), is unusual in Germany, and known primarily from imports in particular from the United States. Instead, it is likely that in Germany a ™ symbol would be misunderstood as a reference to “a trademark” in the meaning of a protected trademark, and thus having the same meaning like the ® symbol. Like the use of the ® symbol, that use of the ™ symbol is therefore only permitted if the trademark concerned is actually registered and provides protection in Germany. This is one of the aspects in which trademark law


may still vary considerably around Europe since, for example, the use of “TM” in the UK is commonplace irrespective of whether or not the mark is registered.

VIII. INFRINGEMENT

A. Introductory Comments

This Part VIII considers cases on infringement of the exclusive rights conferred on trademark proprietors by the EUTM Regulation and the TM Directive.

The exclusive use rights of a trademark proprietor relating to EU trademarks are found in Article 9 of the 2017 EUTM Regulation. The parallel rights conferred by a trademark in relation to the national trademark authorities of EU Member States are set out in Article 5 of the 2008 TM Directive (now Article 10 of the 2015 TM Directive.)

The cases featured in this Part VIII are from the EU national courts—primarily from a national Supreme Court or court of appeal. The cases are so varied that there is no particular structure to this Part, except that the one CJEU case (a reference from Spain) is listed first, and that three cases that deal with counterfeiting or near-counterfeiting activities appear at the end. The nine cases in between relate primarily to claims alleging likelihood of confusion, although the Danish “Pandora” case, at no 10, is an interesting decision on “free riding.”

B. Legal Texts

Article 9 of the 2017 EUTM Regulation

1. An EU trademark shall confer on the proprietor exclusive rights therein.

2. Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the EU trademark, the proprietor of that EU trademark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where:

   (a) the sign is identical with the EU trademark and is used in relation to goods or services which are identical with those for which the EU trademark is registered;

   (b) the sign is identical with, or similar to, the EU trademark and is used in relation to goods or services which are identical with, or similar to the goods or services for which the EU trademark is registered, if there exists a likelihood of confusion on the part of the
public; the likelihood of confusion includes the likelihood of association between the sign and the trademark;

(c) the sign is identical with, or similar to, the EU trademark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to those for which the EU trademark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EU trademark.

3. The following, inter alia, may be prohibited under paragraph 2
   (a) affixing the sign to the goods or to the packaging thereof;
   (b) offering the goods, putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
   (c) importing or exporting the goods under that sign;
   (d) using the sign as a trade or company name or part of a trade or company name;
   (e) using the sign on business papers and in advertising;
   (f) using the sign in comparative advertising in a manner that is contrary to Directive 2006/114/EC.221

4. Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the EU trademark, the proprietor of that EU trademark shall also be entitled to prevent all third parties from bringing goods, in the course of trade, into the Union without being released for free circulation there, where such goods, including packaging, come from third countries and bear without authorization a trademark which is identical with the EU trademark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trademark.

The entitlement of the proprietor of an EU trademark pursuant to the first sub-paragraph shall lapse if, during the proceedings to determine whether the EU trademark

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221 An EU directive concerning misleading and comparative advertising. Article 4 of the directive provides that comparative advertising is to be permitted by EU Member States so long as certain conditions are met, including that the advertising must not create confusion between trademarks or take unfair advantage of the reputation of a trademark.
has been infringed, initiated in accordance with EU Regulation No 608/2013\textsuperscript{222}, evidence is provided by the declarant or the holder of the goods that the proprietor of the EU trademark is not entitled to prohibit the placing of the goods on the market in the country of final destination.

[Note: in the 2017 EUTM Regulation, Article 9 has been extended and supplemented. Article 9(4), dealing with goods in transit, is a new feature that was not found in the old EUTM Regulation. Also new are the express references to use as a trade or company name in Article 9(3)(d) and to use in unlawful comparative advertising in 9(f). (Note that this does not outlaw the use of marks in comparative advertising per se, but the use must conform to EU law requirements.) The numbering has also changed, so that the main infringing acts now fall under Article 9(2) rather than 9(1), as they did under the old EUTM Regulation. The provision that the exclusive rights are without prejudice to earlier rights, at the beginning of Article 9(2), is also new.]

**Article 5 of the 2008 TM Directive**

[Note: The corresponding provisions are to be found in Article 10 of the 2015 TM Directive.]

1. The registered trademark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

   (a) any sign which is identical with the trademark in relation to goods or services which are identical with those for which the trademark is registered;

   (b) any sign where, because of its identity with, or similarity to, the trademark and the identity or similarity of the goods or services covered by the trademark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trademark.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trademark in relation to goods or services [which are not similar to those for which the trademark is registered], where the latter has a reputation in the Member States and where

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\textsuperscript{222} The EU Regulation concerning customs enforcement of intellectual property rights.
use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark.

3. The following, inter alia, may be prohibited under paragraphs 1 and 2:
   (a) affixing the sign to the goods or to the packaging thereof;
   (b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
   (c) importing or exporting the goods under the sign;
   (d) using the sign on business papers and in advertising.

[Note: By virtue of CJEU case law, the italicized wording appearing above in square brackets is effectively to be ignored. In other words, the rule applies whether or not the goods and services in question are similar, including situations where the goods and services are identical. The infringement provisions of the 2008 TM Directive are modified in the 2015 TM Directive Article 10 of the 2015 TM Directive, which sets out the relevant provisions, corresponds closely with the provisions of Article 9 of the 2017 EUTM Regulation.]

C. Cases

1. EU—CJEU—Is the peaceful coexistence of the relevant marks in one part of the EU a basis for defending an infringement action brought in another part of the EU?

   Not necessarily, held the CJEU, in its judgment of July 20, 2017, on a reference from the Provincial Court of Alicante, Spain. The case is Ornua Co-operative Ltd (formerly The Irish Dairy Board Co-operative Ltd v. Tindale & Stanton Ltd España SL. 223 (Earlier episodes in this case have featured in previous editions of this Annual Review.)

   The plaintiff owns the EU trademark KERRYGOLD, which is registered in Class 29 for butter and other dairy products. They also own figurative variants of the KERRYGOLD mark, similarly registered as EUTMs.

   The plaintiff brought infringement proceedings in Spain, asserting that the defendant’s use of KERRYMAID for margarines

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in Spain infringed the KERRYGOLD marks. The claims were brought under Article 9(1)(b) and Article 9(1)(c) of the 2009 EUTM Regulation (now, Articles 9(2)(a) and (c) of the 2017 EUTM Regulation)—respectively, (a) likelihood of confusion, and (b) the taking of unfair advantage of the reputation or distinctive character of the KERRYGOLD marks).

In the United Kingdom and Ireland, but not in Spain, the defendants hold national registrations of their KERRYMAID mark, and the two trademarks coexist peacefully in those markets.

At first instance, on March 18, 2015, the Commercial Court of Alicante dismissed the infringement action. It was influenced by the marks’ coexistence in the UK and Ireland, holding essentially that, in view of this coexistence in other important parts of the EU and in view of the “unitary character” of the EU trademark, it should be considered there is no likelihood of confusion, and no taking of unfair advantage, anywhere in the EU.

On appeal, the Provincial Court of Alicante questioned this approach and raised the matter with the CJEU for a preliminary ruling.

In its own simplified reformulation of the question posed by the Alicante appellate court, the CJEU addressed the matter in these terms: “does the fact that, in part of the European Union, an EU trademark and a national trademark peacefully coexist, [allow], in view of the unitary character of the EU trademark, the conclusion that in another part of the European Union, where peaceful coexistence between [those marks] is absent, there is an absence of the likelihood of confusion between [these marks]?”

The CJEU cited its own 2016 ruling in *combit Software*,226 which confirmed that an EU trademark may be infringed by the use of a mark giving rise to a likelihood of confusion in one part of the EU even though it does not give rise to a likelihood of confusion elsewhere in the EU. Various factors, particularly linguistic ones, might lead to differing conclusions as to the likelihood of confusion in different parts of the EU.

Accordingly, held the CJEU, it followed that a Spanish court faced with an infringement claim could not merely base its own assessment on the peaceful coexistence prevailing in Ireland and the UK. The Spanish court was obliged to make its own assessment of all relevant factors.

The Alicante appeal court had also asked the CJEU whether or not, in assessing the likelihood of confusion (in Spain), it was entitled to take into account market conditions, and other

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224 The Spanish court’s questions had referred specifically to the coexistence arising owing to acquiescence.

225 Ornua Co-operative Ltd v. Tindale & Stanton Ltd España SL, Case C-93/16, para. 25 (ECLI:EU:C:2017:57).

circumstances, prevailing in those parts of the EU in which the marks coexist. Yes, held the CJEU but only to the extent that such conditions are not significantly different from those prevailing in Spain.

The third and final question that had been raised by the Alicante appeal court concerned the infringement case under Article 9(1)(c) of the 2009 EUTM Regulation. An Article 9(1)(c) claim can be defeated by establishing that the defendant had “due cause” for using its trademark. In the present reference, the CJEU was asked whether or not the peaceful coexistence of the two marks in the UK and Ireland allowed the conclusion that in Spain (where the marks did not already coexist) the defendant would have due cause for its use, legitimizing its use of the KERRYMAID sign there too. No, held the CJEU. Even where peaceful coexistence of the marks may amount to due cause for use of the junior mark in one part of the EU, a court dealing with a claim of infringement in another part of the EU to which the marks’ coexistence does not extend may not conclude on the basis of the coexistence elsewhere that there is due cause for the use in the part of the EU with which its own case is concerned.

The case therefore confirms, following on from *combit Software*, the necessary focus in an infringement claim on a global assessment of the relevant factors at play in the part of the EU with which the claim is particularly concerned.

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2. **Benelux—President District Court Amsterdam**  
(The Netherlands)—Use in the course of trade—Does use by a political party of its name constitute use of a trademark in the course of trade?

Yes. In a decision of June 6, 2017, in *SED/Artikel 1*, the President of the District Court of Amsterdam ruled that a political party acts in the course of trade and carries out business activities.

The facts underlying this case are as follows. The foundation SED owns the figurative trademark depicted below, as well as the word mark ARTIKEL 1.

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SED invoked its trademarks against a new political party with the name “Artikel 1.” In its defense, this new party argued, among other things, that it was not using its name in the course of trade because it is a political party with a purely idealistic goal. It also stated that the word mark being relied upon had been registered only after the party was established, and was therefore registered in bad faith.

As to the last point, the President ruled that it is likely that SED was already using the names “Art. 1” and “Artikel 1” at the time the party was established, and that the word mark was applied for only to better protect SED’s older rights, which does not constitute bad faith.

The President also ruled that the defendant’s use of “Artikel 1” did constitute use in the course of trade. The President held that the notion of “course of trade” is a broad one. There is no requirement that the activities at issue must be aimed at making a profit, or obtaining other economic advantage. A political party acts in the course of trade and carries out business activities. It has income and expenses (e.g., members who pay membership dues; expenses for administration, giving speeches etc.). A finding of infringement followed.

3. UK—Court of Appeal of England & Wales—Is the incorporation of a motor vehicle brand name into a repairer’s business name inherently misleading?

On June 21, 2017 the English Court of Appeal gave judgment in Bayerische Motoren Werke Aktiengesellschaft v. Technosport London Limited and George Agyeton.228 This was an appeal brought by the claimants, BMW, in a trademark infringement case relating to the use of BMW trademarks by an independent repairer of BMW cars.

BMW had succeeded at first instance in relation to the defendant’s use of the BMW roundel and M logo marks. However, its claims had failed in respect of use of the sign TECHNOSPORT – BMW, as shown below on the defendant’s van:

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The judge had not been prepared to regard the use of the signs on the van as misleading without supporting evidence.

BMW’s trademark BMW is registered as an EUTM in relation to, among other things, car maintenance and repair in Class 37. The infringement claim in respect of this mark had been brought under Article 9(1)(b) of the 2009 EUTM Regulation (now Article 9(2)(b) of the 2017 EUTM Regulation)—alleging that the use of the sign TECHNOSPORT – BMW would give rise to a likelihood of confusion with the registered BMW mark. There was also a claim under Article 9(1)(c) – the taking of unfair advantage of BMW, being a mark “with a reputation”—but the English Court of Appeal did not deal with this.

The first instance court—the UK Intellectual Property Enterprise Court (IPEC) —had taken Article 9(1)(b) of the 2009 EUTM Regulation in conjunction with Article 12 of the 2009 EUTM Regulation (now Article 14 of the 2017 EUTM Regulation). This allows a defense for use of a trademark to (inter alia) indicate the intended purpose of goods or services, where the use is in accordance with honest commercial practices. Following an approach similar to that adopted by the CJEU in BMW v. Deenik,229 the first instance court had considered whether, on the one hand, the defendant’s use constituted merely an accurate indication that the defendant specialized in the repair of BMW cars or, on the other, conveyed the misleading impression that the defendant’s repair service was part of BMW’s own network or had some other connection with BMW.

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229 Case C-63/97, [1999] ETMR 339.
Contrary to the decision of the court of first instance, the English Court of Appeal ruled that the use of the TECHNOSPORT – BMW sign should have been held misleading without the need for evidence of customer confusion. Adopting a contextual approach to its examination of the instances of actual use complained of—most notably the van livery shown above—the court relied on the use of the BMW roundel as a contributing factor. However, the Court of Appeal considered that, even if the roundel had not appeared, the use of the trading style TECHNOSPORT – BMW would have created an obvious risk that the average consumer would take it to denote a commercial connection with BMW. And a risk of confusion, the Court of Appeal specifically noted, had been confirmed to be all that is required (citing the decision of the English Court of Appeal in *Comic Enterprises v. Twentieth Century Fox.*)

The English Court of Appeal noted that there is nothing in the sign TECHNOSPORT—BMW to indicate that the sign was being used informatively. “Whilst phrases such as ‘BMW repair specialist’ clearly ‘alert the average consumer to the nature of the business, the simple incorporation of BMW into the trading style does nothing of the kind.” The use of a trademark within a trading style in this way would, according to the Court of Appeal, naturally be taken by the average consumer as an identifier of the business and the services it provides—and hence naturally carries the risk that it will convey the impression of a trade connection with the trademark owner going beyond the mere fact that (in the present case) the defendant works on BMW cars and uses BMW spare parts.

Moreover, there was no difficulty establishing that the TECHNOSPORT—BMW sign was being used, in a relevant way, in relation to the defendant’s services. According to the Court of Appeal, “. . .whilst there are well-known questions about whether, in the case of a trademark registered for goods, the name of a business is being used in relation to the goods sold by that business, there is normally no such problem in the case of a service mark. The name of the business as the provider of the services is much more readily, if not invariably, taken to be use in relation to the services offered.”

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230 [2016] EWCA Civ 41, para. 32.
232 *Id.* para. 31.
233 *Id.* para. 30.
4. Benelux—Mons Court of Appeal, Belgium—Likelihood of confusion—When is it possible to find no likelihood of confusion even though two trademarks are similar and cover identical consumer products?

This was the main question before the Mons Court of Appeal in Cora v. Coravin Inc. The court’s decision was given on June 12, 2017.\textsuperscript{234} This case concerned an infringement claim brought by the holder of several CORA trademarks covering, inter alia, bottle openers (see below—left column) against the CORAVIN trademarks (see below—right column). The CORAVIN marks cover a wine access device which is a patented technology that allows consumers to pour wine by the glass from the bottle without pulling the cork.

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\textbf{CORA} & \textbf{CORAVIN} \\
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\textsuperscript{234} Société Louis Delhaize Financière et de Participation SA and Cora SA v. Coravin Inc., Case No. 2016/RG/806 (Mons Court of Appeal, June 12, 2017).
CORA is a well-known supermarket chain in Belgium, and it also relied on its rights in CORA as a trade name. This claim also failed. The court found that there is no likelihood of confusion between the activities carried out by Cora, namely the operation of a supermarket chain, and those conducted by Coravin, in particular the commercialization of a device to allow wine to be poured by the glass without pulling the cork.

The fact that Cora sells wine and household utensils, among other products, was held not to be sufficient to establish a likelihood of confusion.

5. Sweden—Swedish Supreme Court—How should the likelihood of confusion be assessed in a case where the trademark proprietor has not made genuine use of its EU trademark?

On November 22, 2017, the Swedish Supreme Court finally delivered its judgment\(^{235}\) in the trademark dispute between the Estonian company A/S Matek, and the Swedish company Länsförsäkringar AB. (The case has featured twice before in this Annual Review.)

The history is that, at the end of 2011, Länsförsäkringar brought trademark infringement proceedings against Matek, claiming that Matek’s use of the figurative trademark shown below, for construction services, between 2008 and 2011, constituted an infringement of Länsförsäkringar’s EU trademark, registered by the company in 2008, within the meaning of Article 9(1)(b) and 9(1)(c) of the 2009 EUTM Regulation. Länsförsäkringar had, among other things, claimed that Matek should be prohibited from using the trademark in Sweden for the construction, production and assembly of wooden houses.

![Two of the trademarks used by Matek](image)

The matter found its way to the Swedish Supreme Court, which decided to ask the CJEU whether or not the EUTM proprietor’s exclusive right could be affected—despite the fact that the registration was less than five years old—by the fact that the EUTM proprietor had not, during the period following the registration, made genuine use of the EUTM in the EU for the relevant services. As reported in last year’s edition, the CJEU delivered in 2016 the widely anticipated answer that the EUTM proprietor’s exclusive right was not affected by the lack of genuine use within the five years’ grace period, which commences upon the registration of the EUTM in question.236

In its own November 2017 decision, following on from the CJEU’s guidance, the Swedish Supreme Court commented first on the nature of the assessment of the likelihood of confusion required under Article 9(1)(b) of the 2009 EUTM Regulation. According to the Swedish Supreme Court, the assessment to be made in this regard in trademark registration matters, on the one hand, and the parallel assessment to be made in the context of infringement proceedings, on the other, are different. The assessment in registration matters, according to the court, involves an abstract assessment of certain factors—such as similarities between the trademarks, similarities between the goods and services, and the distinctive character of the trademarks. In infringement proceedings, on the other hand, there are further circumstances to consider, as these proceedings regularly derive from the actual use of a mark. Against this background, the Swedish Supreme Court considered that infringement proceedings generally involve, compared with registration matters, a more strict analysis.

The Swedish Supreme Court then considered the question of how the assessment of likelihood of confusion should be handled in this kind of case, namely in a situation where the claimant’s trademark had not been used for the services at issue. The court recognized that, since the EUTM had still been within its five-year grace period, the EUTM proprietor’s exclusive right was not affected by the lack of genuine use within the five years’ grace period, which commences upon the registration of the EUTM in question.236

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grace period post-registration at the relevant time, the assessment of the likelihood of confusion should be based on an assumption that the trademark proprietor has used its trademark for all of the goods and services covered by its trademark registration.

Regarding the assessment of likelihood of confusion between Länsförsäkringar’s EU trademark registration and Matek’s figurative marks, the Swedish Supreme Court held that the marks were visually very similar. In addition to this, Länsförsäkringar’s registration covered construction services—that is, services identical to those for which Matek was using its mark—not merely the real estate agency and appraisal services included in Class 36 of Länsförsäkringar’s registration, which were held to be similar to Matek’s services. Furthermore, it was established that Länsförsäkringar’s trademark was well-known in Sweden and that it therefore was deemed to have obtained a high degree of distinctiveness.

The Swedish Supreme Court noted that the purchasers of Matek’s products consisted of both consumers and professionals. One could expect these professionals to be well informed about the various trademarks of the industry and to pay close attention to the commercial origin of the services for which the trademarks were used. Regarding consumers, the Swedish Supreme Court held that it should be taken into consideration that the acquirement of a service to construct a house is probably one of the greatest investments that a consumer makes. Buying a house is neither an everyday purchase nor a spontaneous purchase. This means that consumers will pay a great amount of attention when dealing with construction services that are directed toward them.

After an overall assessment, the Swedish Supreme Court established that, with respect to the special purchase situation that occurred in the matter at hand for the relevant services, and despite the fact that there existed great similarities between the marks, and identity between the services, and despite the fact that Länsförsäkringar’s trademark was well known and therefore had obtained a high degree of distinctiveness, there existed no likelihood of confusion between the trademarks at hand. Thus, no trademark infringement within the meaning of Article 9(1)(b) of the 2009 EUTM Regulation had occurred. The Swedish Supreme Court also held that no infringement within the meaning Article 9(1)(c) of the 2009 EUTM Regulation (providing special protection for marks with a reputation) had occurred.

The special nature of the purchase decision for construction services appears to have been the most important factor in the court’s likelihood of confusion assessment. However, given that the device mark actually used by Matek was almost identical to the protected EUTM, and that the key services were also identical, the outcome is quite remarkable in legal terms, even if it might appear
to be the “right” result when one considers that the claimant’s business was really in financial services and not construction. The Swedish Supreme Court seems, in real terms, not to have taken the similarities between the trademarks, the identity between the services, and the high degree of distinctiveness into account. Whether future cases will be judged in line with this restrictive approach, remains to be seen.

6. Spain—Spanish Supreme Court—Can the word “TORO” function as a mark in Spain?

In its judgment no. 26/2017 of January 18, 2017, in cassation appeal No. 682/2015,237 the Spanish Supreme Court (First Chamber) confirmed the decision of the Appeal Court of Alicante to reject the complaint filed by Grupo Osborne S.A., owner of certain TORO trademarks, against the use and registration of the trademark BADTORO by Jordi Nogues S.L. The Supreme Court also confirmed the rejection of the counterclaim filed by Jordi Nogues, which had alleged the invalidity of the plaintiff’s TORO trademarks on the basis that “TORO” (the Spanish word for “bull”) is part of Spanish culture and folklore and that its use ought not to be monopolized by a single company. The Spanish Supreme Court additionally rejected an application to stay the proceedings even though a similar trademark dispute was pending before the EU General Court at the time (see above).

The facts were as follows. The plaintiff, Grupo Osborne S.A., is the owner of EUTMs No. 1722362 TORO word mark (in Class 35) filed in 2000 and No. 2844264 TORO word mark (in Classes 18, 25 and 39) filed in 2002. The defendant, Jordi Nogués, S.L., obtained the registration of Spanish Trademark No. 2782026 BADTORO word mark in Classes 25 and 35 in 2007 and, on December 1, 2010, filed EUTM Application No. 9565581 BADTORO (Classes 25, 34 and 35) in figure shown below:

![BADTORO Trademark Image]

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237 Judgment No. 26/2017, cassation appeal No. 682/2015 (Spanish Supreme Court (First Chamber), Jan. 18, 2017).
Grupo Osborne opposed the EUTM application for the BADTORO mark, and the EUIPO upheld the opposition and refused the trademark. An appeal case was pending before the EU General Court when the Spanish case, reported here, relating to a BADTORO word mark, reached the Spanish Supreme Court.

In Spain, Grupo Osborne, having become aware that Jordi Nogues had filed a EUTM for BADTORO & bull design, filed a combined invalidity and infringement action against Spanish Trademark No. 2782026 BADTORO (a word mark) and its use by Jordi Nogues S.L. The defendant replied to these claims by arguing lack of confusion between the marks, and additionally counterclaimed for invalidity in respect of the TORO EUTMs (as noted above) relied on by the plaintiffs. The counterclaim was based on absolute grounds (Article 52 in connection with Article 7 of the 2009 EUTM Regulation: arguing lack of distinctive character (Article 7(1)(b)); and arguing that the bull is an emblem of Spain, which is of public interest and should not be monopolized by a single entity (Article 7(1)(i)). (See now Articles 7(1)(b) and 7(1)(i) of the 2017 EUTM Regulation).

The EUTM Court in Alicante rejected both the complaint of Grupo Osborne and the counterclaim of Jordi Nogues. It held that “TORO” can function as a mark and is not a Spanish emblem. However, it rejected the plaintiff’s invalidity and infringement claims on grounds of lack of likelihood of confusion.

In its decision of January 15, 2015, the Appeal Court of Alicante confirmed the decision of the first instance court, taking a wholly different view from the EUIPO in the EUIPO proceedings, which had held that the trademarks were confusingly similar in its decision of April 16, 2014 (Appeal No. R1446/2012-2).

Grupo Osborne then filed a cassation appeal before the Spanish Supreme Court, additionally asking the Court to stay proceedings due to the pending EUIPO appeal before the EU General Court. It raised the subsidiary plea that, if the Spanish Supreme Court refused to stay proceedings, the Spanish Supreme Court should refer the matter to the CJEU for a preliminary ruling, asking the CJEU to rule on how the Spanish courts should deal with contradictory decisions in which the courts of Spain would be declaring that TORO and BADTORO are not confusingly similar, whereas the EUIPO and the EU General Court would be concluding that there was a likelihood of confusion between them.

Jordi Nogues S.L. replied to the appeal and also appealed the rejection of its claim for invalidity of the TORO trademarks. It also asked the Spanish Supreme Court to refer the following question to the CJEU: is it possible to monopolize as a trademark the name of an animal that constitutes the symbol of the identity of a country or that forms part of its cultural heritage?
On January 18, 2017, the Spanish Supreme Court confirmed the decision of the Appeal Court of Alicante and rejected the appeals of both parties as well as their petitions for referral to the CJEU. According to the Supreme Court of Spain:

it is true that bullfighting is a tradition and is part of the Spanish culture, as recently recalled by the Constitutional Court in its decision of October 20, 2016 (. . .). However, the fact that bullfighting is a part of the Spanish cultural heritage does not mean, as the appellant claims, that the bull, as an animal, has become an icon of our country that has emptied of distinctive character the word “toro” and therefore constitutes an objection to its registration as a trademark. In this regard, it is appropriate to clarify, as the Court of Appeal very well did, that what constitutes part of Spanish culture is bullfighting, not the animal. The bull does not constitute any symbol or official icon of Spain, even if a specific graphic representation of a fighting bull has become well known and is used by some people along with the Spanish flag. This social use, which does not appear to be widespread, although it does not go unnoticed, especially in certain sporting events, the only thing this shows is that a certain graphic representation of the fighting bull (not the animal itself and even less the word “toro”) has been used by some people [with reference to] the Spanish.

The Spanish Supreme Court also referred to a decision of the EU General Court of May 24, 2012,238 where the EU General Court had determined that TORO had an average distinctiveness.

With regard to the claim of infringement and invalidity filed by GRUPO OSBORNE, the Spanish Supreme Court confirmed the decision of the Appeal Court of Alicante and, concluded that the trademarks TORO and BADTORO are not confusingly similar as they are different visually, phonetically and also in meaning.

The Supreme Court also rejected the application to stay proceedings and the cross-applications to refer the case to the CJEU, on the basis that the case pending before the EU General Court was between two figurative marks (shown below),

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238 Case T-169/10 (GC, May 24, 2012).
whereas the case before the Supreme Court was between two word marks (TORO / BADTORO).

It is interesting to note that, after this decision of the Supreme Court of Spain, the EU General Court decided to revoke the decision of the Board of Appeals of the EUIPO and, on September 20, 2017, upheld the appeal of Jordi Nogues (Case T-350/13) and declared that there was no likelihood of confusion between the figurative marks.

7. Spain—Spanish Supreme Court—Is there a likelihood of confusion between a mark consisting of the words “EL PUÑO” (“THE FIST”) and a trademark consisting of a hand squeezing a bunch of grapes?

In its judgment no. 497/2017 of September 13, 2017, in cassation appeal No. 434/2015, the Spanish Supreme Court (First Chamber) partially revoked the decision of the Appeal Court of Zaragoza of December 15, 2014 (Case No. 326/2014) and declared that there was no likelihood of confusion between a figurative trademark showing a hand squeezing a bunch of grapes and the word mark EL PUÑO, which means “fist” in Spanish.

The facts were as follows. Ms. Flora was the owner of two figurative Spanish trademarks for, respectively, services in Class 35 and products in Class 33. The Class 35 mark was filed in 2008. The Class 33 mark was not filed until January 31, 2012. Ms. Flora is the sole administrator of Vinos Auténticos, S.L. This company owned an EU trademark in Classes 33, 35, and 43. All three trademarks consist of a figurative element showing a hand squeezing a bunch of grapes as follows:

![Image of a hand squeezing grapes]

Mr. Jorge and Ms. Vanesa were the holders of the UK registered trademark EL PUÑO, a word mark registered in Classes 32 and 33. Registration was granted by the UKIPO on February 27, 2009. In

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239 Judgment no. 497/2017, cassation appeal No. 434/2015 (Spanish Supreme Court (First Chamber), Sept. 13, 2017).
January 2009, Mr. Jorge and Ms. Vanesa formed the Spanish company El Escocés Volante S.L. and, between 2009 and 2010, designed a graphical sign to accompany their word mark EL PUÑO in the labelling of their wine bottles. This sign is as follows:

From 2010 onward, the company El Escocés Volante S.L. sold wine in Spain using this graphical sign. On March 12, 2012, Ms. Flora informed El Escocés Volante S.L. that she owned Spanish trademark registrations no. 3015506 and 2851506 and requested them to cease use of this trademark.

Instead of ceasing to use the logo showing a fist, El Escocés Volante S.L. filed and obtained the registration of a Spanish trademark for the EL PUÑO word mark, filed on March 23, 2012, and a figurative mark (including also the graphic image shown above) filed on September 13, 2012.

Ms. Flora then filed a combined infringement and invalidity action against these two marks based on bad faith and likelihood of confusion. El Escocés Volante S.L. defended the claim, denying lack of confusion, and counterclaimed for a declaration of invalidity in respect of the plaintiff’s earlier marks, alleging lack of distinctive character and also bad faith—arguing that the mark in Class 33 had not been used yet, and that, even though the five-year grace period had not elapsed in respect of that registration, the lack of use was an indication that Ms. Flora’s Class 33 filing had been intended to interfere with the defendant’s use of its marks.

The Commercial Court of Zaragoza had rejected both the complaint and the counterclaim. The decision was appealed, and, in its decision December 15, 2014 (Case No. 326/2014), the Appeal Court of Zaragoza had adopted a wholly different view and held that the trademarks were confusingly similar. Its findings applied not only to the figurative representation of the hand squeezing a bunch of grapes, but also to the word mark EL PUÑO, which was being used together with the figurative mark and was considered by the court to be conceptually similar to it.

The defendant appealed to the Spanish Supreme Court against the appeal court’s finding that the word mark EL PUÑO was confusingly similar, on account of its conceptual similarity with the
The Supreme Court of Spain considered that the assessment of likelihood of confusion made by the appeal court was contrary to law for the following reasons:

- There is no visual or phonetic similarity between the marks because one is a word mark and the other one is a figurative mark.
- With regard to the conceptual similarity, the similarity is extremely weak. The owner of the earlier figurative trademark described it as “a hand squeezing a bunch of grapes” and the message it transmits is complex: a hand squeezing a bunch of red grapes. On the other hand, the word mark EL PUÑO (the fist) communicates an extremely simple message.
- Even though the goods are exactly the same (wines, alcoholic beverages), the extremely low conceptual similarity is not sufficient to conclude that there is a likelihood of confusion.

The Supreme Court therefore upheld the cassation appeal and revoked the decision that had cancelled the word mark EL PUÑO for likelihood of confusion.

8. Spain—Appeal Court of Alicante—Who is to be considered the relevant consumer of premium gin, for the purposes of assessing whether or not there is a likelihood of confusion between rival premium gin brands?

This is one of the questions addressed by the Appeal Court of Alicante in its judgment 312/2017 of July 3, 2017 in appeal case 191/2017. The case relates to a trademark infringement claim brought by Central Hisumer S.L. the owner of EU trademark THE BOTANICALS and the Spanish Registered trademark THE BOTANICAL’S. The trademarks were registered for (inter alia) gin in Class 33, and were used in connection with a premium gin as depicted below:

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The infringement action was brought against the defendant W&H, which sold premium gin with the following sign

Prior to filing the legal action, the plaintiff had successfully opposed two trademark applications by the defendant for the marks depicted below: a Spanish trademark application for the mark on the left and an European Union trademark application for the mark shown on the right. Both refusal decisions had been confirmed on appeal, by the Spanish High Court of Justice and the EU General Court, respectively.
One of the main defense arguments by W&H was that “BOTANIC” is descriptive of the flavorings contained in the gin. It denied likelihood of confusion, arguing that, in addition to the term “BOTANIC,” the defendant’s mark contained other distinctive elements such as the name of the producer, Williams & Humbert, which prevented confusion.

The Appeal Court of Alicante, in its July 2017 ruling, confirmed the first instance decision of the Commercial Court No. 2 of Alicante of January 17, 2017 on the likelihood of confusion of the marks, and rejected the defense of descriptiveness of the common element “BOTANIC.” It reasoned as follows: i) the plaintiff’s trademarks are not descriptive because “botanicals” are not, as the defendant in its counterclaim had alleged, flavorings used exclusively in the production of gin. The Court held that “botanic” might be a common word in English but would not be perceived as describing any characteristic of the gin, as botanical ingredients were used in many other sectors of industry, including cosmetics).

to gin but also to other alcoholic beverages and even other products like cosmetics; ii) in the trademarks used by the defendant, “BOTANIC” was the dominant element; (iii) even if the term BOTANIC could be considered descriptive for professionals or companies specialized in the gin sector, as it describes the substances introduced into the gin that confers a special aroma or flavor upon it, this is not the case for the average consumer of premium gins. For the average consumer, not specialized in that sector, the term “BOTANIC” does not evoke or suggest an exclusive flavored element of gin. The Appeal Court of Alicante concluded that there was a likelihood of confusion.

It is interesting to note that since the defendant admitted that the product he was selling was coincident with the mark that was the subject of the EU General Court decision referred to above (the mark being the bottle design shown above, to the right), the Appeal
Court of Alicante referred to the conclusions reached by the General Court in its judgment of May 4, 2016.\textsuperscript{241}

9. Austria—Austrian Supreme Court (OGH) —To what extent can packaging features common to both parties’ products be taken into account in an infringement claim when they are not part of the registered mark as such?

In decision \textit{OGH 21.11.2017, 4 Ob 152/17g},\textsuperscript{242} the Austrian Supreme Court had to decide on a conflict between two Austrian producers of the world famous “Mozartkugel” confectionery. These products are ball-shaped candies with a chocolate cover, with a centre made of a praline marzipan cream with pistachio nuts.

The plaintiff, a confectionery house called Fürst, based in Salzburg, registered in the EU and in Austria in 1997 a figurative trademark incorporating the words “Original Salzburger Mozartkugel” and a drawing of the composer Mozart for goods in Class 30 (chocolate products and confectioneries) shown below on the left. The Fürst Mozartkugel product is of high quality, and quite expensive. The product uses a silver/blue tinfoil packaging on a wrap for the individual sweets which enjoys a strong degree of public recognition in Austria.

The defendant was a company called Braun, which sold a similar chocolate confection under the trademark BRAUN. Initially, Braun offered its product with a brown wrapper design, but apparently the sale of such product was not as successful as desired. So Braun changed the design such that the packaging now looked quite similar to the Fürst product, using silver/blue tinfoil and the figurative mark shown below on the right. Although Braun did not produce its own products in Salzburg, it nevertheless denominated the product as a “Salzburger Mozartkugel” on the packaging.

\begin{figure}
\centering
\begin{tabular}{cc}
\includegraphics[width=0.4\textwidth]{furst_mark.png} & \includegraphics[width=0.4\textwidth]{braun_mark.png} \\
Fürst’s Mark & Braun’s New Mark
\end{tabular}
\end{figure}

\textsuperscript{241} Case T-193/15 (GC, May 4, 2016).

\textsuperscript{242} OGH 21.11.2017, 4 Ob 152/17g (Austrian Supreme Court).
The Fürst confectionery house filed an action for an injunction against the Braun company, claiming that Braun was using a sign which is confusingly similar to its own registered device mark that by doing so Braun was exploiting the reputation of Fürst’s products. The Regional Court for Civil Matters in Salzburg, the court of first instance, issued an order prohibiting Braun from selling products in such packaging, on the grounds of trademark infringement, referring to the device mark and the use of blue-silver tinfoil, and holding also that the offering of a product called “Salzburger Mozartkugeln” was, since, in fact, the product was not produced in Salzburg, unlawful from an unfair competition point of view.

The first instance ruling was upheld an appeal to the Higher Regional Court in Linz. The defendant appealed again to the Austrian Supreme Court.

The Austrian Supreme Court confirmed the decisions of the lower instance courts. In its decision the Austrian Supreme Court held that the risk of confusion was to be assessed in an abstract way on the basis of the registration of the trademark and the overall impression of the use of the infringing sign. According to the Austrian Supreme Court, it was not necessary to take into account every single aspect of the signs to be compared. The Austrian Supreme Court held that the view of the lower instance courts that the sign of the plaintiff had acquired a reputation was correct but held that even in the absence of reputation the abstract comparison of the signs in question lead to a finding of a likelihood of confusion. When assessing the danger of confusion, the overall impression of the marks and not their individual component parts are to be considered. The overall impression in the current case is not just affected by the word element of the trademark, and it was, in the view of the Supreme Court, decisive rather that the average customer would regard the Braun product as strikingly similar to the Fürst product in view of the material, form and color of the packaging, particularly at a first glance. The materials, color and form of the packaging were not protected by the registered trademark relied upon, but the Supreme Court was prepared to consider them relevant to a consideration of the overall impression when assessing the claim. The Supreme Court also upheld the finding that the use of the references to Salzburg on the defendant’s product was misleading and unlawful.

10. Denmark—The Danish Maritime and Commercial High Court—When can use of biographical references amount to the taking of unfair advantage of another person’s trademark?

On March 22, 2017, the Danish Maritime and Commercial High Court (MCC) handed down its judgment in Pandora A/S v. (i)
The case concerned a former business partner’s use of the PANDORA trademark on (inter alia) Facebook promoting Amazing Jewelry, a new competitor within the jewelry business.

The claimant, Pandora A/S, was established in 1982 and is a major manufacturer and retailer of jewelry, including charms, operating in more than 90 countries through more than 9000 retailers, including 1,400 concept-stores. It has an annual turnover of approximately 1.6 billion Euro. Pandora is the proprietor of the EU trademark PANDORA (word) registered in Class 14 of the Nice Classification for jewelry. During the case, Pandora presented a market survey establishing that, for women in the age group 18+, the PANDORA mark had an aided awareness of 94% in Denmark, 92% for the UK, 80% in Italy, and 51% in France. In the opinion of the MCC this established PANDORA as a trademark “with a reputation” for the purposes of Article 9(1)(c) of the 2009 EUTM Regulation (now Article 9(2)(c) of the 2017 EUTM Regulation).

The second defendant, Jesper Nielsen, was the founder of Kasi Group, which he established in 2003. This company, through subsidiaries, obtained distribution and sales rights to PANDORA jewelry in Germany, Austria and Switzerland. Jesper Nielsen was responsible for the expansion of the distribution and sale of PANDORA products in these countries, through the Kasi Group companies, up until the end of 2009.

In the fall of 2009, the parties agreed to continue their cooperation through a joint company named Pandora CWE, with Pandora A/S owning 51% and Kasi Group 49% of the shares, respectively. Jesper Nielsen transferred the Kasi Group’s interest in the company to Pandora in 2010, and stepped down as CEO in 2011. In 2012, Jesper Nielsen founded Amazing Jewelry (the first defendant), and Endless International GmbH. In 2014, Pandora instigated an injunction action against Jesper Nielsen and Amazing Jewelry for certain infringing uses of the PANDORA mark. However, this early case was settled on terms that Jesper Nielsen undertook to refrain from using the word PANDORA as a trademark for the new enterprise.

The present case arose subsequently, and was centered on two things. The first was the use of the PANDORA trademark on Jesper Nielsen’s personal Facebook-profile, where he had posted a photo of a Pandora concept-store—with the PANDORA trademark clearly visible—together with the statement “[.] We have built 300-400 of these before . . .”, and also together with a photograph of an Amazing Jewelry store and a photograph of an Endless store. The

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second focus of complaint was that Jesper Nielsen’s business cards stated that he was (inter alia) “Founder of PANDORA CWE.”

The MCC found that Jesper Nielsen’s Facebook profile was undoubtedly used commercially for the marketing of Amazing Jewelry’s jewelry, and that the use of the Pandora store photograph in the context described above amounted to an infringing use of the PANDORA trademark under Article 9(1)(a) of the 2009 EUTM Regulation (so-called “double-identity” of trademark and goods) and also under Article 9(1)(c) of the 2009 EUTM Regulation on grounds that the use took unfair advantage of the PANDORA mark for the marketing of other jewelry. Further, the court held that Jesper Nielsen was responsible for the marketing and sales activities of
Amazing Jewelry, and that the marketing of Amazing Jewelry was based on his personal role/experience and his Pandora past.

The MCC did not place any significance on the argument of Jesper Nielsen that the business card and image of the Pandora store with accompanying text were merely statements of (correct) facts relative to Jesper Nielsen’s industry experience. In the opinion of the MCC, the referencing of Pandora in this context amounted to a use of the trademark which took unfair advantage of the reputation of the PANDORA trademark as well as being capable of misleading the public, considering that Jesper Nielsen as an individual was widely identified not only with Amazing Jewelry but also with Pandora, due to his previous engagement with Pandora, and in the court’s view he was plainly seeking to exploit this connection unfairly.

11. Benelux—Brussels Court of Appeal (Belgium)—Infringement—Does debranding infringe exclusive trademark rights when the trademarks are removed outside the EEA in order to place the debranded products on the EEA market?

The Brussels Court of Appeal ruled on this issue in its decision of February 7, 2017, in Mitsubishi v. Duma and GSI.\textsuperscript{244} In this case, two parallel traders, Duma and GSI, imported into the EEA not only several hundred MITSUBISHI forklifts from the Asian market, but also certain MITSUBISHI forklifts from which all trademarks had been removed (“debranding”) outside the EEA.

Regarding the first type of import, the Brussels Court of Appeal found that Duma and GSI had infringed Mitsubishi’s exclusive trademark rights, and ordered them to pay provisional damages of EUR 3,000,000. However, the second type of import raises the question of whether or not debranding outside the EEA with a view to placing the goods on the EEA market constitutes an infringement of the trademark holder’s exclusive rights within Europe.

The Brussels Court of Appeal found that the answer to this question is uncertain, although noting that several decisions of the CJEU suggest that it would answer in the affirmative. Hence, the Brussels Court of Appeal referred the following questions to the CJEU for a preliminary ruling:

1.A) Do Article 5 of [the 2008 TM Directive] and Article 9 of [the 2009 EUTM Regulation] confer upon a trademark proprietor the right to prevent a third party from removing, without the trademark proprietor’s consent, all signs affixed to the goods and identical to the trademark (debranding), when the goods have never previously been traded in the

\textsuperscript{244} Case 2010/AR/2007 (Brussels Court of Appeal, Feb. 7, 2017).
European Economic Area, such as goods placed in a customs warehouse, if such removal is made for the purposes of importing or the putting on the market of these goods into the European Economic Area?

1.B) Does it make any difference for the answer to be given to the first question 1.A) whether the importing or the putting on the market of these goods into the EEA is done under its own distinctive sign applied by that third party (rebranding)?

2. Does it make any difference to the answer to be given to the first question whether those goods are—by their outward appearance or model—still identified by the relevant average consumer as originating from the trademark proprietor?”

The CJEU’s judgment will most likely be rendered late in 2018. (The case is proceeding in the CJEU under no. C-129/17).

12. France—French Supreme Court (Cour de Cassation)—Is it an act of counterfeiting for an unauthorized person to apply a registered trademark to a product intended for export only?

The decision Daozhi LI YU and Claire CHEN v. Castel Frères\textsuperscript{245} is one of the most recent examples of the new tendency of France’s highest court to emphasize and explain a change in its practice.

The turnaround in practice noted here occurred in a case related to the use of the trademark shown below, (pronounced KA SI TÉ).

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The mark was registered in France in the name of the firm Castel Frères, and the contested use was made by two Chinese nationals. They used the mark in relation to wines bottled in France and then exported to China.

In a previous decision of 2007, the Cour de Cassation had held that there was no infringement in a situation where cosmetic products bearing a certain trademark, that was owned by the plaintiff in France, were produced by the defendant in France for the purpose of export to third countries. The defendants were able to sell the products concerned lawfully in the export markets since, in those third countries, the trademark in question belonged to the defendant.\textsuperscript{246}

\textsuperscript{245} Case No. 15-29276 (Cour de Cassation, Jan. 17, 2018).

\textsuperscript{246} Buttress BV v. L’Oréal Produits de Luxe France (Judgement of July 10, 2007, No. 05-18571).
The Cour de Cassation had based its decision in the 2007 case on certain specific wording in Article L. 716-10(a) of France’s Intellectual Property Code, which prohibits the possession of goods bearing a counterfeit trademark without a “legitimate ground,” and prohibits the importation or the exportation of goods under a counterfeit trademark. The court’s 2007 decision had held that the user of the mark had a legitimate ground to use it in that way.

However, apart from the fact that the possibility of a defendant relying on such a “legitimate ground” is provided only for acts of possession, and not for those of affixing the mark and of importation or exportation of the goods, it has also been observed that the 2007 decision was not compatible with the territoriality principle of trademark protection or with the TM Directive, which does not provide for such an exception. Furthermore, the CJEU has always maintained that, on the question of the scope of the exclusive right provided by a registered trademark (and therefore on the question of what acts may be considered to be an infringement of that right) the TM Directive operates an exhaustive harmonization, which leaves no margin of freedom to the EU Member States to grant a more extensive, or conversely a narrower, protection. Yet the 2007 decision, derived from the notion of “legitimate ground” (which is not provided for by the Directive), did result in giving the trademark right less extensive protection than under the Directive.

Aware of this difficulty, the Cour de Cassation has decided, in its 2017 Castel Frères ruling, to abandon the solution adopted ten years ago. The Court pointed out in the judgement, that “the solution adopted in 2007 does not apply properly the principle of harmonization, since neither the Directive n° 89/104 nor those adopted thereafter provide for such an exception.” As a consequence, having found that the trademark had been affixed in France, where it was protected by registration, the Cour de Cassation held that the proprietary rights were infringed even though there was no contact with the French consumers as the goods were intended for export to China only.

The outcome brings France into line with the EU norms in this regard.

13. UK—UK Supreme Court—Can UK criminal law sanctions apply to dealings in “grey” goods?

The judgment of the United Kingdom Supreme Court in *R v. M, R v. C, R v. T* [2017] UKSC 58 (United Kingdom Supreme Court) concerns the possibility of criminal law sanctions being applied in relation to dealings, in the United Kingdom, with grey market goods. The case came before the UK Supreme Court on
appeal from the 2016 judgment of the Court of Appeal of England & Wales.248

The issue arose as an interlocutory point in a criminal case brought against persons dealing, in the UK, in infringing clothing and shoes under well-known trademarks such as RALPH LAUREN, ADIDAS, and UNDER ARMOUR. Some of the products concerned were, as the appellants themselves described them, ‘true’ counterfeits. Others, however, were goods for which the respective trademark owners had originally given authority to manufacture. For this category of goods, the trademarks had been applied with the trademark owner’s authority, but the trademark owner had not consented to the sale of the goods under the trademarks in question. These were referred to as the grey market goods.

There were various reasons why goods might have fallen into the grey market category. For example, goods may have been manufactured with the brand owner’s authority to provide for spare capacity, but then found not to be needed.

The issue in the case was, whether the criminal sanctions under UK law that were recognized to apply to counterfeiting activity should also apply to dealings in goods that were not ‘true’ counterfeits but which fell into the grey market category. (If so, this could potentially apply to any genuine goods imported into the UK through parallel distribution channels from outside the European Economic Area, unless the person charged with the criminal offense can prove they reasonably believed the goods in question to be non-infringing.)

The case turned on the interpretation of Section 92(1) of the United Kingdom’s Trade Marks Act 1994, which provides as follows:

92 (1) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor—

(a) applies to goods or their packaging a sign identical to, or likely to be mistaken for, a registered trademark, or

(b) sells or lets for hire, offers or exposes for sale or hire or distributes goods which bear, or the packaging of which bears, such a sign, or

(c) has in his possession, custody or control in the course of a business any such goods with a view to the doing of anything, by himself or another, which would be an offense under paragraph (b).

Section 92(5) of the Act provides a statutory defense as follows:

92 (5) It is a defense for a person charged with an offence under this section to show that he believed on reasonable
grounds that the use of the sign in the manner in which it
was used, or was to be used, was not an infringement of the
registered trademark.

The charges against the appellants were under Section 92(1)(b),
i.e. that they were selling and offering for sale goods which bear
“such a sign”. It was common ground that the phrase “such a sign”
imported into Section 92(1)(b) the reference in Section 92(1)(a) to “a
sign identical to, or likely to be mistaken for, a registered trade
mark.” What the appellants argued was that the reference was
imported into Section 92(1)(b) in such a way that Section 92(1)(b)
could apply only where the ‘sign’ in question had been applied to the
goods without the consent of the proprietor.

The UK Supreme Court held the appellants’ suggested
construction to be strained and unnatural. It was not a possible
construction of Section 92(1). There was no ambiguity in the
language such as would justify the court enquiring into the
legislative intent behind the section, and no reason to suppose that
the Section had been intended to catch only ‘true’ counterfeits. The
Supreme Court held the provisions of Section 92(1) to be separate,
not cumulative.

The result is that the grey market goods forming the subject
matter of the case would fall within the scope of Section 92(1)(b)
since they carry signs identical to the registered trademarks,
irrespective of the fact that the trademark owner may have
consented to the application of the marks to the goods in question.
In that case, the appellants could be liable under the UK's criminal
law provisions for dealing in the goods unless they can establish the
defense under Section 92(5) of the Trade Marks Act 1994, noted
above.

The result confirms, as expected following the earlier Court of
Appeal ruling, the potentially long reach of the UK's criminal
trademark law provisions. The appellants’ case was predicated
largely on the basis that it would be inconceivable that criminal law
sanctions could apply to grey market dealings by UK distributors.
That has been established categorically to have been a false
premise.

IX. LIMITATION OF RIGHTS, AND DEFENSES

A. Introductory Comments

EU trademark law contains various specific defenses to, and
other limitations of, the exclusive rights provided to EU trademark
owners.

Three of the six cases featured in this part deal with “exhaustion
of rights” (under Article 15 of the 2017 EUTM Regulation and
Article 7 of the 2008 TM Directive). The first is from the CJEU; the
second from the English Court of Appeal, and the third from the Belgian Supreme Court. The fourth case is another CJEU decision on a different topic, namely the relationship between an invalidity counterclaim and a defense which alleges the mark to be invalid for the same reason. The fifth case is from the Appeal Court of Alicante, Spain, and provides an insight into the Spanish court’s perspective on limitation, acquiescence and unjustified delay.

The last case is from England, and raises the question of whether the changes already made to the EUTM Regulation, and required to be made to national trademark laws under the 2015 TM Directive, which remove the “own name” defense from corporate defendants, are lawful.

B. Legal Texts

Article 14 of the 2017 EUTM Regulation

1. An EU trademark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:
   
   (a) the name or address of the third party, where that third party is a natural person;
   
   (b) signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of the goods or services;
   
   (c) the EU trademark for the purpose of identifying or referring to goods or services as those of the proprietor of that trademark, in particular, where the use of that trademark is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.

2. Paragraph 1 shall only apply where the use made by the third party is in accordance with honest practises in industrial or commercial matters.

[Note: In the new EUTM, the “own name” defense, now contained in Article 14(1)(a), has been confined to natural persons—having previously had no such limitation. The defense for signs or indications that are “not distinctive” is also new, and the wording now contained in Article 14(1)(c) has been broadened.]

Article 15 of the 2017 EUTM Regulation

1. An EU trademark shall not entitle the proprietor to prohibit its use in relation to goods which have been put
on the market in the Union under that trademark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

Article 6 of the 2008 TM Directive

1. The trademark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:
   (a) his own name or address;
   (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;
   (c) the trademark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;

provided he uses them in accordance with honest practices in industrial or commercial matters.

2. The trademark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognized by the laws of the Member State in question and within the limits of the territory in which it is recognized.

Article 7 of the 2008 TM Directive

1. The trademark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Union under that trademark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.
C. Cases

1. EU—CJEU—Can an exhaustion of rights defense ever be made out where the trademark in question is under different ownership in the countries of import and export, respectively?

_Schweppes SA v. Red Paralela SL, Red Paralela BCN SL_249 concerns a highly unusual parallel imports situation. The CJEU gave its ruling on December 20, 2017. The matter came before the CJEU on a reference from the Juzgado de lo Mercantil, No. 8 de Barcelona (Commercial Court No. 8, Barcelona, Spain) in the course of trademark infringement proceedings before that court.

The trademark at issue is SCHWEPPES, and the infringement claim was brought by reference to Spanish national trademark rights in respect of quantities of tonic water imported into Spain by Red Paralela, a parallel importer. The product had been sourced from the United Kingdom.

Parallel importation within the European Union is generally not an infringing act because of the “exhaustion of rights” principle under Article 7 of the 2008 TM Directive (Article 15 of the 2015 TM Directive). According to Article 7:

1. The trademark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the [Union] under that trademark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

As a result, in the absence of legitimate reasons to the contrary, the trademarks rights cannot be used to prevent parallel importation of goods within the EU, provided that they were put on the market by or with the consent of the relevant trademark owner.

However, in the present case the owner of the Spanish trademark rights being relied on in the infringement claim was a different entity to the owner of the UK trademark rights under which the imported products had been sold in the UK. This resulted from an historical division of the EU rights, which had been in the unified ownership of Cadbury Schweppes until 1999. At that time, certain selected EU national registrations of SCHWEPPES—including the UK marks—had been transferred to Coca-Cola/Atlantic Industries. The remaining EU rights were retained.

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All of the trademark rights concerned were national registrations; there were no EUTMs.

A division of ownership of established trademarks in this way within the EU market is unusual, in itself. However, what gave rise to the reference to the CJEU was the additional dimension that, according to the defendants, there existed certain important links between the two EU brand owners—Coca-Cola and Schweppes, respectively—and they engaged in joint exploitation of the brand within the EU. This was alleged to give rise to a tacit consent. In other words, it was argued that the result of the alleged marketing collaboration was that each owner should be regarded as having consented to the sale of its own products in the other owner's territory.

The facts stated by the referring Spanish court contain a number of findings about the way in which the two owners behaved. These findings were disputed by Schweppes. However, for the purposes of its own ruling, the CJEU proceeded on the basis that one or more of the following five elements would be present in the scenario to which its ruling pertains:

- the proprietor has promoted a global trademark image associated with the Member State of origin of the goods whose import it seeks to prohibit;
- the proprietor and the third party maintain a coordinated trademark strategy deliberately promoting, throughout the EEA, the appearance or image of a single global trademark;
- the single global trademark image thus provided gives rise to confusion on the part of the average consumer as to the commercial origin of the goods bearing that mark;
- the proprietor and the third party maintain close commercial and economic relations, even if, strictly speaking, there is no dependency between them regarding the joint exploitation of the mark;
- the proprietor has expressly or tacitly agreed that the same goods as those whose import it seeks to prohibit may be imported into one or several other Member States where it still holds trademark rights.250

The question which the CJEU addressed was, in such a scenario, is the trademark owner to be precluded by Article 7(1) of the 2008 TM Directive, read in light of Article 36 TFEU, from enforcing its trademark rights against the importation of the relevant goods into its own territory? (Article 36 TFEU contains a proviso to the general principle of “free movement of goods” within the EU, allowing that

restrictions on trade between Member States are not precluded
where they are justified on grounds of the protection of intellectual
property. They must not, however, constitute a means of arbitrary
discrimination or a disguised restriction on trade between Member
States.)

Reciting relevant case law, the CJEU recalled:

The essential function of the trademark would be jeopardised
if, failing any consent on the proprietor’s part, that
proprietor could not oppose the import of an identical or
similar product bearing an identical trademark or one liable
to lead to confusion, which had been manufactured and put
into circulation in another Member State by a third party
having no economic link with that proprietor (see, to that
effect, judgments of 17 October 1990, HAG GF, C-10/89,
EU:C:1990:359, paragraphs 15 and 16, and of 22 June 1994,
IHT Internationale Heiztechnik and Danziger, C-9/93,
EU:C:1994:261, paragraphs 33 to 37).

That analysis cannot be altered by the mere fact that the
proprietor’s mark and that affixed to the product whose
import that proprietor seeks to prohibit originally belonged
to the same proprietor, irrespective of whether the division
of those marks results from expropriation, and thus an act of
public authority, or voluntary contractual assignment, on
condition, however, that, notwithstanding their common
origin, each of those marks has, from the date of
expropriation or assignment, independently fulfilled its
function, within its own territorial field of application, of
guaranteeing that the trademarked goods originate from one
single source (see, to that effect, judgments of 17 October
1990, HAG GF, C-10/89, EU:C:1990:359, paragraphs 17 and
18, and of 22 June 1994, IHT Internationale Heiztechnik and
Danziger, C-9/93, EU:C:1994:261, paragraphs 46 to 48).251

As the cited cases established, the mere fact that the trademarks
were once in common ownership across the whole EU does not mean
that the trademark rights cannot be enforced against parallel
imports once an intra-EU division of trademark ownership has
occurred. However, this is on condition that, following the
assignment that divides the trademark rights in question, the
trademark rights sought to be enforced are owned by an entity
having no economic link with the original owner and are used
independently to provide their own independent guarantee of trade
origin. This condition, held the CJEU in the present case, is
certainly not satisfied where, “following the assignment of some
national parallel trademarks to a third party, the proprietor, either

251 Schweppes SA v. Red Paralela SL, Red Paralela BCN SL, Case C-291/16, paras. 38 and
acting alone or maintaining his coordinated trademark strategy with that third party, has actively and deliberately continued to promote the appearance or image of a single global trademark, thereby generating or increasing confusion on the part of the public concerned as to the commercial origin of goods bearing that mark. By that conduct, which results in the proprietor’s trademark no longer independently fulfilling its essential function within its own territorial field of application, the proprietor has himself compromised or distorted that function. Consequently, he may not rely on the necessity of protecting that function in order to oppose the import of identical goods bearing the same mark originating in another Member State where that mark is now owned by that third party.”

The CJEU was clear that the freedom that this reasoning would provide to parallel importers in cases where there are economic links between the respective trademark owners in the different EU Member States would not impair the trademark’s essential function of guaranteeing trade origin. This freedom was simply the consequence of a decision that the trademark owner was already making when choosing to coordinate its activities with the other trademark owner in this way. The court observed that a similar result follows where a trademark is used by licensees or affiliates of the trademark owner. In those situations the trademark owner would, as a result of the economic links created by the transaction in which it had chosen to enter, be unable to use its trademark rights to intervene against subsequent importation of the licensed products from the EU markets in which the licensees or affiliates operate into those EU markets in which the trademark owner has retained a market for itself.

According to the CJEU, the notion of “economic links” is in no way confined to situations where one party is a corporate affiliate or a licensee of the other. The concept is substantive, rather than formal. It “is also fulfilled where, following the division of national parallel trademarks resulting from a territorially-limited assignment, the proprietors of those marks coordinate their commercial policies or reach an agreement in order to exercise joint control over the use of those marks, such that it is possible for them to determine, directly or indirectly, the goods to which the trademark is affixed and to control the quality of those goods.” In such a situation, ruled the CJEU, the products must be considered to have been put on the market in the country from which they are exported with the consent of the trademark owner in the country of importation.

252 Id. para. 40.
253 Id. para. 46.
The CJEU went on to say that the finding of economic links between the parties is not conditional on there being a formal dependency between the two owners as to the joint exploitation of the marks, or to their actually taking advantage of an ability to control the quality of the goods concerned.

The national courts will need to determine whether or not economic links exist in any individual case. The CJEU went on to rule that, although the burden of proof to establish the “exhaustion of rights” sits in principle with the importer/trader, this burden of proof needs to be qualified in the event of a voluntary division of national parallel trademarks, since the defendant would not normally have access to the relevant agreements between the respective proprietors. What the importer/trader must do is, therefore, “to put forward a body of precise and consistent evidence from which it may be inferred that such economic links exist.”

The CJEU ruled:

Article 7(1) of [the 2008 TM Directive], read in the light of Article 36 TFEU, must be interpreted as precluding the proprietor of a national trademark from opposing the import of identical goods bearing the same mark originating in another Member State in which that mark, which initially belonged to that proprietor, is now owned by a third party which has acquired the rights thereto by assignment, when, following that assignment,

- the proprietor, either acting alone or maintaining its coordinated trademark strategy with that third party, has actively and deliberately continued to promote the appearance or image of a single global trademark, thereby generating or increasing confusion on the part of the public concerned as to the commercial origin of goods bearing that mark,

or

- there exist economic links between the proprietor and that third party, inasmuch as they coordinate their commercial policies or reach an agreement in order to exercise joint control over the use of the trademark, so that it is possible for them to determine, directly or indirectly, the goods to which the trademark is affixed and to control the quality of those goods.

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254 Id. para. 54.
255 Id. para. 56.
2. UK—Court of Appeal of England & Wales—Can a parallel importer of EU products defend his use of another company’s trademark on products that were not originally marketed in the EU by the trademark owner and were not made under the trademark owner’s authority/control?

*Flynn Pharma Limited v. Drugsrus Limited and Tenolol Limited* is an unusual parallel imports case. The Court of Appeal of England & Wales gave its judgment on April 6, 2017.

The case involves the importation into the UK from elsewhere in the EU of an anti-epilepsy drug called phenytoin sodium, and its resale in the UK under the sign PHENYTOIN SODIUM FLYNN. FLYNN is the UK registered trademark of the claimant company, which brought UK infringement proceedings under the mark.

The drug in question is mature, and had been sold in the UK for many years under the EPANUTIN trademark. The claimant had purchased certain business assets from Pfizer, including the UK marketing authorization, but had specifically decided to discontinue use of the established brand name. It did so in order to avoid regulatory price constraints—thus enabling it to increase prices by up to twenty times. The claimant had intended to use merely the international non-proprietary name (“INN”) “phenytoin sodium,” but had been requested to add the name FLYNN by the UK’s medicines regulator, the MHRA, as a means of differentiating it from products of other sources that might be of different efficacy. The claimant had thus been a somewhat reluctant user of its own trademark to designate the product.

The product in question was not made by Flynn, it continued to be made by Pfizer—with which Flynn had no corporate connection whatever. Pfizer continued to sell essentially the same product, under the EPANUTIN trademark, elsewhere in the EU, but the claimant did not have any control over this product.

The defendants sourced quantities of the product from Spain. For regulatory reasons there were difficulties in the defendants using either the EPANUTIN brand name or the simple INN for the products they were importing. The regulator, the Medicines & Healthcare products Regulatory Agency (“MHRA”), wished them instead to use the name under which the UK cross-referred product was known, “Phenytoin Sodium Flynn”—which brought them into trademark conflict with the claimant.

The defendants’ response to the trademark infringement claim was to argue that their use of the name incorporating “Flynn” was in the nature of a descriptive use, and to argue separately that the enforcement of the “Flynn” trademark against them in these
circumstances was not justified, under the “free movement” principles of the EU Treaty, Articles 34 and 36 TFEU.

Neither line of defense succeeded at first instance, and neither was successful in the Court of Appeal. The discussion was primarily around the “free movement” principles.

Article 34 TFEU contains a broad prohibition of import restrictions as between the EU Member States—thus ensuring that goods can generally be traded without difficulty across the EU’s internal borders. However, Article 34 TFEU is subject to Article 36. This provides: “The provisions of [Article 34] . . . shall not preclude prohibitions or restrictions on imports . . . justified on grounds of . . . the protection of industrial and commercial property . . . . Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.”

Article 36 of the Treaty is recognized to allow import restrictions based on (inter alia) trademark rights—but within certain limits. The balance set between Article 34 and Article 36 is difficult, and has resulted in a voluminous case law. It is established that the trademark owner will normally be justified in protecting its trademark insofar as this concerns the “specific subject-matter” of the trademark right, which is the ability to be in control of the first marketing of product in the EU under the trademark concerned. However, in some cases even this right has to give way somewhat, since there are instances in which the trademark owner would not be justified in objecting to the defendant switching from the trademark used by the trademark owner in one EU country to a different trademark which the owner uses in the EU country of importation.

In the present case the defendants recognized the potential application of an Article 36 exception but argued that the trademark owner’s intervention fell foul of the rule against arbitrary discrimination and disguised restrictions on trade. This was no doubt part fueled by the fact that the claimant’s own use of its own mark appeared to have been undesired and forced upon it, and perhaps also by the pricing issues in the background—the claimant’s shift to the new name having helped it push up prices dramatically. However, the Court of Appeal noted that issues connected with pricing ought not to interfere with the principled application of Articles 34 and 36.

The problem for the defendant was that not only had the claimant not used the “Flynn” trademark in relation to the first marketing of the imported products in other EU countries, but in fact the claimant had not been in any way involved in the marketing of the products concerned. They had been made and sold entirely independently, by Pfizer.
Eschewing any broader formulation of the principles at issue, the English Court of Appeal held, with reference to the claimant’s use of its trademark in this present case: “. . . the resolution of a case such as this involves a dual enquiry. Firstly, are the goods which the alleged infringer wishes to import goods which have been placed on the market by the trademark owner or with his consent? Secondly, even if the answer to the first enquiry is ‘no’, is the party who did place the goods also in effective . . . control of the trademark which is sought to be enforced? If the answer to that question is also in the negative, whilst I would not altogether rule out the possibility in some extreme case, it is difficult to see how the enforcement of the trademark can be anything other than one designed to protect the origin function of the mark.”\textsuperscript{257}

An examination was made by the Court of Appeal into the connections between Pfizer and the claimant. The agreements between them certainly gave the claimant the right of control over the quality and characteristics of the products supplied by Pfizer to the claimant, but gave the claimant no power of control over the products that Pfizer sold elsewhere in the EU to third parties. The fact that the two sets of products might, at least at present, in practice come from the same manufacturing source was not determinative in and of itself. And it was the claimant, not Pfizer, which controlled use of the FLYNN mark. Since the claimant had no general legal or economic link with the manufacture of the products that the defendants were importing, and no specific power of control over their quality, having the ability to prevent the sale of the products into the UK under the claimant’s trademark would be vital to enable the claimant to prevent consumer confusion and to prevent any quality issues with the imports being attributed to the trademark owner. This goes to the heart of the essential function of the trademark.

The English Court of Appeal therefore ruled that the enforcement of the FLYNN trademark in this case did not amount to a disguised restriction of trade and could not be defended as being unjustified on the basis of Articles 34 and 36 TFEU.

3. Benelux—Belgian Supreme Court (Belgium)—Are trademark rights exhausted when goods are supplied under a service contract containing a retention of title clause?

No. In its decision of November 2, 2017,\textsuperscript{258} the Belgian Supreme Court confirmed a 2015 judgment of the Brussels Court of Appeal that had ruled in favor of Xerox Corporation, the document

\textsuperscript{257} Flynn Pharma Ltd v. Drugsrus Ltd & Anor, [2017] EWCA Civ 226, para. 68.

technology company, in a pan-European dispute against the Belgian company Impro Europe concerning the latter’s marketing of branded consumables for printers, copiers, etc. in the European Union. (The 2015 decision was covered in the Annual Review of EU Trademark Law, 2015 in Review.\textsuperscript{259})

Throughout Europe, Xerox sells consumables for its equipment under the XEROX and other trademarks. It sells the consumables either separately or pursuant to maintenance agreements. In the latter case, authorized Xerox service providers provide maintenance services to end users, in the context of which consumables are supplied. Unlike consumables that are sold separately, consumables sold within the scope of a maintenance agreement are marked with the word “metered” or the PagePack\textsuperscript{®} or eClick\textsuperscript{®} trademark. The maintenance agreements between authorized XEROX service providers and end users contain a “retention of title” clause in favor of Xerox for the consumables supplied under the contract. According to the clause in question, Xerox would retain title to the consumable until the goods were consumed.

Upon learning that the defendant, Impro Europe, was actively soliciting authorized Xerox service providers to sell it their surplus stock bearing the word “metered” and/or the PagePack\textsuperscript{®} or eClick\textsuperscript{®} trademark, distributed exclusively under maintenance agreements, Xerox sued for trademark infringement. In October 2015, the Brussels Court of Appeal (Belgium) found that it had been established that the goods at issue had been supplied exclusively within the scope of maintenance agreements containing a retention of title clause in favor of Xerox, which remained effective until the goods were consumed. The effect of the title retention arrangements meant that the goods in questions could not be considered to have been “put on the market” by Xerox. Therefore, Xerox’s trademark rights were not exhausted. The Brussels Court of Appeal issued a pan-European injunction on the marketing by Impro of goods under the XEROX trademark in combination with the word “metered” and/or the PagePack\textsuperscript{®} or eClick\textsuperscript{®} trademark. It also awarded Xerox damages and required the surrender by Impro Europe of all profits made from the infringing consumables.

The Belgian Supreme Court confirmed that trademark rights in the EU are only exhausted if the goods are “put on the market” in the European Economic Area. The notion of “putting on the market” implies an actual sale of the goods. This is not the case when goods are supplied under a maintenance contract containing a retention of title clause in favor of the trademark holder or its subsidiary.

4. EU—CJEU—Can an EUTM infringement claim be dismissed on the basis of a defense alleging the mark relied on to be invalid on “absolute” grounds before a ruling is given on an invalidity counterclaim brought in the same action?

On October 19, 2017, the CJEU ruled on an important Austrian reference relating to the interplay between defenses and invalidity counter claims in EUTM infringement proceedings. The case, which featured in last year’s Annual Review is Hansruedi Raimund v. Michaela Aigner, relating to the trademark BAUCHERLWÄRMER.

The reference to the CJEU was made by the Oberster Gerichtshof (the Supreme Court of Austria), which was dealing with an appeal on point of law from a trademark infringement claim. The infringement claim had been based on the EUTM BAUCHERLWÄRMER, under which the plaintiff marketed an herbal base to be added to alcohol. The defendant was using the same mark, for an herbal mixture to be added to high-proof alcohol.

The action was defended on the basis that the EUTM had been filed in bad faith, and the defendant had also counterclaimed for a declaration of invalidity in respect of the EUTM on the same basis.

Article 52(1)(b) of the 2009 EUTM Regulation (now, Article 59(1)(b) of the 2017 EUTM Regulation) provides that an EUTM should be declared invalid on the basis either of a standalone invalidity application to the EUIPO or on the basis of a counterclaim in invalidity proceedings, where the application was made in bad faith. Article 99(1) of the 2009 EUTM Regulation (see now Article 127(1) of the 2017 EUTM Regulation) provides that EU trademark courts must treat an EUTM as valid “unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.”

In the case in hand, the EU trademark court hearing the infringement case and invalidity counterclaim (the Handelsgericht Wien) decided to stay proceedings on the counterclaim until a final ruling on the action for infringement. It then proceeded to dismiss the action for infringement on the grounds that the claimant’s trademark registration had been applied for in bad faith. The first-instance judgment was upheld on appeal by the Oberlandesgericht Wien, which led in turn to the claimant’s further appeal to the referring court. This raised the question of whether the approval taken at first instance had been correct.

The Austrian Supreme Court decided to refer the issue to the CJEU, asking two questions: (1) May an EUTM infringement claim

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be dismissed on grounds that the EUTM application was filed in bad faith, where the defendant has filed an invalidity counterclaim on which the court has not yet ruled? (2) If not, may the court dismiss the infringement claim on the bad faith grounds if it at least simultaneously upholds the invalidity counterclaim on such grounds, or does it have to delay the decision on the infringement claim until the decision on the counterclaim is final?

The CJEU ruled that an infringement claim could not be dismissed on the basis of the bad faith ground or any other “absolute” invalidity ground in advance of a ruling on a counterclaim for invalidity on the same ground. However, the court need not wait for the decision on the counterclaim to become final. In other words, in the present case the Austrian court ought not to have issued its infringement ruling ahead of its consideration of the counterclaim per se, but could have ruled on the counterclaim and the infringement claim simultaneously.

Interestingly, the CJEU did not consider that the answer to the first question could be derived simply from the wording of Article 99 (referred to above) alone. However, a contextual approach made it plain. The CJEU noted that an EUTM court hearing an infringement claim is obliged (generally) to stay those proceedings where the validity of the EUTM in question has already been put in issue before another EU trademark court (or the EUIPO). It would be bizarre if the rule were less stringent where the invalidity claim had been brought in the same EU trademark court.

Moreover, the CJEU noted that the consequences of following the procedure adopted by the Austrian first instance court were inconsistent with the notion of “the unitary character” of the EU trademark. The approach adopted led to a ruling which would be binding only on the parties to an action, whereas any decision which amounts to a finding that an EUTM is invalid “must have effect throughout the [EU] and not only vis-a-vis the parties to the infringement action”. (Para 33) This means that the ruling on the counterclaim in these circumstances must come before the ruling on the infringement.

However, it is not necessary for the court to wait until the declaration of invalidity has become final. The CJEU noted, “. . . as the referring court has correctly pointed out, linking the outcome of the proceedings relating to the infringement action to the conduct of the parties in relation to the appeals against the decision upholding the counterclaim for a declaration of invalidity would in all likelihood involve serious delays to those proceedings.”

5. Spain—Appeal Court of Alicante—What is the difference between the theories of statutory limitation, acquiescence, and unjustified delay in connection with an infringement action, and how can a defendant use them effectively?

In its Judgment No. 4/2017 of January 12, 2017, Appeal No. 448/2016, the Appeal Court of Alicante (an EU trademark court in Spain) rejected defenses based on acquiescence, the Spanish statute of limitations, and unjustified delay in bringing the legal action, even though the defendant had been using the contested mark for twenty-five years.

The facts were as follows. Ibercacao S.A.U., a Spanish company that owns several Spanish and EU trademark registrations for DULCINEA and CHOCOLATES DULCINEA in connection with chocolates and confectionery dating back (at least, in Spain) to 1949, brought a legal action against the Spanish company Confiteria Dulcinea S.L., another Spanish company, which had been incorporated under the DULCINEA name in 1991 and had been using it ever since, as a trademark, company name and domain name (confiteria-dulcinea.com) in connection with retail sales of chocolates and confectionery.

The EU Trademark Court No. 2 of Alicante rendered a judgment on July 7, 2016 (Proceedings No. 98/16) entirely upholding the claim for trademark infringement. The court ordered the cessation of use of the sign DULCINEA by the defendant (as a trademark, company name and domain name) and the payment of compensation in damages of 1% of the turnover made by the defendant under the infringing sign. This is the minimum automatic compensation for damages established by Spanish law.

Chocolates Dulcinea S.L. appealed the decision. The main arguments in its appeal were the same ones used as defense arguments in first instance, most of them based on the time that had passed between the date they started good faith use of the trademark and trade name (1991) and the date when the legal action was brought (2016). In particular, the defendant argued that it should be protected by virtue of (i) the statute of limitations, (ii) acquiescence and (ii) the plaintiff’s unjustified delay in bringing the legal action.

In its 2017 appeal decision, the Appeal Court of Alicante rejected these defense arguments and clarified each of these legal concepts.

Article 9 of the 2008 TM Directive and Article 54 of the 2009 EUTM Regulation provides for acquiescence. The proprietor of an earlier EUTM loses the entitlement (a) to obtain a declaration of invalidity and (b) to oppose the use of a later conflicting trademark.

registered in an EU Member State if it has, “acquiesced, for a period of five successive years, in the use of the [later conflicting mark] while being aware of such use.” The Appeal Court held that this provision is intended to harmonize the law on registered trademarks, and does not apply in cases where the defendant is using an unregistered trademark. Since the defendant in the present case was not the owner of a registered trademark, limitation due to acquiescence was not applicable. The fact that the defendant had been incorporated with the name CONFITERIAS DULCINEA could not be assimilated to owning a trademark registration.

In Spain, legal actions for trademark infringement become statute-barred five years from the moment they can be brought (Art. 45 of the Spanish Trademark Law). The Appeal Court of Alicante referred to the doctrine established by the Supreme Court in its judgment 184/2014 of April 15, 2014, judgment 873/2009 of January 20, 2010, and judgment 721/2010 of November 16, 2010, holding that the dies a quo to calculate the five-year period is the moment when the infringement ceased. Since, in the present case, the defendant company was still named Confiterias Dulcinea and was still using the mark and domain name, this should be considered to be continued infringement and therefore the action would not be statute barred because each time an infringing act is produced, a new five-year period starts running. Damages were awarded for the preceding five years.

The appeal court also rejected the allegation of unjustified delay in bringing legal actions (the German legal figure of Verwirkung). According to this doctrine, (which is also a doctrine known to Spanish law, known as retraso desleal en el ejercicio de acciones) if, due to the inactivity of a right holder the “infringer” may reasonably believe that a legal action would never be filed, an action brought after many years may be regarded as being filed with an unjustified delay. In the present case, the Alicante appeal court considered that, even though one of the members of the Board of Directors of the plaintiff had been aware of the existence of the defendant since the 1990s and even though both companies had both appeared at several of the same trade fairs, this was not sufficient to prove that the plaintiff company itself had been well aware of the infringing use and, even less, that they tolerated it.

6. UK—High Court of England & Wales—Might the EU legislature’s recent removal of the “own name” defense from corporate defendants be invalid?

The question noted in the heading above was raised, found to be properly arguable, but reserved to possible future reference to the CJEU. It arose on a preliminary application by the defendants in
The case concerns the alleged infringement of the claimants’ SKY trademark by the defendant’s use of SKYKICK—a sign corresponding to the defendants’ corporate name. (Interestingly the same case is, by virtue of a subsequent 2018 ruling which will be reported next year, also raising important validity-related issues concerning questions of intent to use and bad faith in European trademark filing practice. However, these aspects of the case are not covered in the present note.)

EU trademark law provides an “own name” defense—that is, that the use by a person of their own name should be permissible provided the use is in accordance with honest commercial practices. The 2004 decision of the CJEU in Anheuser-Busch v. Budějovický Budvar was that the “own-name” defense should be available to a corporate defendant in a trademark infringement claim, as well as to natural persons.

However, the own name defense is no longer available to corporate defendants in EUTM infringement claims. This is because of changes to the EUTM Regulation effective as of March 23, 2016, and now enshrined in Article 14(1)(a) of the 2017 EUTM Regulation. The requirement that the own-name defense be removed from corporate defendants is contained in Article 1(13) of Regulation (EU) 2015/2424 of December 16, 2015. The EU Member States are required to change their own trademark laws to reflect the same position, and have until January 14, 2019, to do so.

The defendants argued that Article 1(13) of Regulation 2015/2424 is in breach of fundamental EU rights, and therefore invalid. This is a question that can only be answered by the CJEU. In the present case, the defendants petitioned the English High Court to refer the matter to the CJEU at the pre-trial stage, but the English court has preferred to defer a possible reference on grounds that it may prove to be unnecessary for the determination of the case in hand.

The defendants’ case for the invalidity of Article 1(13), as articulated in the pre-trial application, was based primarily on Article 16 of the EU Charter (Freedom to Conduct Business), supported by arguments based on other parts of the charter, in conjunction with Articles 51 and 52.

In R (Swedish Match AB and Swedish Match UK Ltd) v. Secretary of State for Health the CJEU held the freedom to pursue a trade or profession to be, like the right to property, a general principle of EU law. However, the right is not absolute, and must be considered in relation to its social function. The right may be
restricted provided that the restrictions correspond to objectives of general interest and are not a disproportionate and intolerable interference impairing the very substance of the right. This reflects Article 52 of the EU Charter, which provides that any limitation on the rights provided under the Charter must be proportionate, must be necessary, and must “genuinely meet objectives of general interest recognized by the [EU] or the need to protect the rights or freedoms of others.”

The defendants’ argument was essentially that under the outgoing EU trademark law, as confirmed by Budweiser, companies have had the freedom to trade (honestly) under their own name, and that the new rules will deprive them of this freedom without proper justification.

As noted by the English court at paragraph 27, “The Defendants contend that they recognise that the EU legislation institutions have a broad discretion . . . but they argue that there is no evidence that the restriction of the own name defence to private persons was the product of any particular political or economic social choices and that the basis for the legislative change is almost completely unexplained.” The defendants also claim that the removal of the defense from corporates, but not individuals, is discriminatory.

The claimants, for their part, pointed to an EU Council/Commission Declaration pre-dating the original “harmonization” Directive in 1989 which makes plain that the own name defense was never intended to cover corporates. Their position is that Budweiser had got it wrong, and that the legislator is now simply doing what it had intended to do in the first place.

The English court considered each of the parties to have a properly arguable case, but that it need not make a reference to the CJEU at that stage. As noted above, a subsequent (2018) episode in this case has deflected attention to the question of the validity of the trademarks relied on for which purposes a different CJEU reference is planned.

X. JURISDICTION

A. Introductory Comments

The three cases covered in this Part X raise very different jurisdiction issues. Each of them is a decision of the CJEU. The first deals with the allocation of jurisdiction among EU Member States, and whether jurisdiction to grant an EU-wide remedy could be founded on the presence of a subsidiary company of the defendant in the selected country. The second deals with a lis pendens issue, and the third with an ownership dispute. The relevant legal texts are cited in the individual case notes.

266 Anheuser-Busch v. Budějovický Budvar, Case C-245/02 (ECLI:EU:C:2004:717).
B. Cases

1. EU—CJEU—When should a company that is not domiciled in any EU Member State be considered to have an “establishment” in the EU for the purposes of applying the EUTM jurisdiction rules?

An important reference from the Oberlandesgericht Düsseldorf (Higher Regional Court, Düsseldorf, Germany) resulted in a ruling from the CJEU on May 18, 2017. It deals with the allocation of jurisdiction in EUTM infringement cases under Article 97(1) of the 2009 EUTM Regulation (corresponding to Article 125 of the 2017 EUTM Regulation). The case is Hummel Holding A/S v. Nike Inc. and Nike Retail BV.267

The reference to the CJEU was made at the appeal stage in a trademark infringement claim brought in Germany by the Danish company Hummel against Nike and its subsidiary company Nike Retail, which has its seat in the Netherlands. Nike Retail is responsible for, among other things, online sales in Germany, and sales to independent dealers in Germany. Nike Retail, the Netherlands subsidiary, has a German subsidiary of its own, Nike Deutschland GmbH. Nike Deutschland was not party to the infringement proceedings, but its existence and activities are at the heart of the issue. Nike Deutschland does not have its own website and does not itself sell products. However, it negotiates contracts on behalf of Nike Retail. It also supports Nike Retail in advertising, in the performance of contracts, and in after-sales service for end consumers.

The infringement claim brought by Hummel in Germany relied on EUTM rights. Hummel claimed injunctive relief against Nike Inc. and Nike Retail in respect not only of Germany, where the claimed infringement was alleged to take place, but the EU as a whole. The first instance decision of the Landgericht Düsseldorf (Regional Court, Düsseldorf) went against Hummel on the merits. The jurisdiction question had arisen at first instance and arose again in the appeal, prompting the German appeal court to refer the question to the CJEU.

The issue was not whether or not the German court had jurisdiction at all—since they would in any event have had jurisdiction in respect of an infringement within Germany—but whether or not the German court had jurisdiction to provide EU-wide relief. Article 97 of the 2009 EUTM Regulation provided the following general rules as to the forum in which EUTM infringement claims are to be brought. It provides that, subject to certain other provisions:

267 Case C-617/15 (ECLI:EU:C:2017:390).
1. . . .[EUTM infringement claims] shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

2. If the defendant is neither domiciled nor has an establishment in any of the [EU] Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

3. If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where [EUIPO] has its seat.

4. . . .

5. Proceedings in respect of . . .[EUTM infringement actions] may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened . . .

(Article 125 of the 2017 EUTM Regulation has similar provisions.)

Article 98(1) of the 2009 EUTM Regulation then provides that where jurisdiction is founded on Articles 97(1) to (4), the relevant EUTM court hearing the case has jurisdiction in respect of infringement within the territory of any of the EU Member States, thus allowing it to issue pan-EU injunctions in appropriate cases. However, where jurisdiction is based on Article 97(5), the jurisdiction extends only to infringement in the EU Member State in which the court is situated. (Comparable provisions are now to be found in Article 126 of the 2017 EUTM Regulation.)

In the present case, the issue was whether or not Article 97(1) applied. Neither of the defendants had a domicile in Germany and the matter therefore turned on whether or not Nike Inc. could be said to have an “establishment” in Germany, for the purpose of Article 97(1), by virtue of its second-tier subsidiary Nike Deutschland. The CJEU ruled that it could.

The CJEU treated the matter as a free-standing issue to be resolved by reference to the objectives and aims pursued by the EUTM Regulation, and the context and objectives of its own jurisdiction rules.

The CJEU ruled that a legally distinct second-tier subsidiary, with its seat in an EU Member State, of a parent body that itself has no seat in the European Union should be regarded as an “establishment” of the parent body (here, Nike Inc.), within the meaning of Article 97(1) of the 2009 EUTM Regulation (now Article 125(1) of the 2017 EUTM Regulation) if the subsidiary is a centre of operations which, in the Member State where it is located, “has a
certain real and stable presence from which commercial activity is pursued, and has the appearance of permanency to the outside world, such as an extension of the parent body.”

For these purposes, held the CJEU, it does not matter that the local operation had its own legal personality. “Third parties must . . . be able to rely on the appearance created by an establishment acting as an extension of the parent body.” On this, the CJEU cited its judgement of December 9, 1987, SAR Schotte. The fact that the local entity was a second-tier rather than a first-tier subsidiary did not matter. Moreover, it was in principle irrelevant for the purposes of Article 97(1) whether or not the establishment (i.e. the local subsidiary whose presence and operations are relied on) has itself participated in the alleged infringement.

However, as noted above, to be regarded as an establishment the local operation must have certain characteristics, including “the appearance of permanency to the outside world such as the extension of a parent body.” On this, the CJEU cited the judgments of November 22, 1978, Somafer, of March 18, 1981, Blanckaert & Willems, of December 9, 1987, SAR Schotte, and of July 19, 2012, Mahamdia. In the last of these cases, for example, the CJEU referred, at paragraph 48, to a “center of operations which has the appearance of permanency, such as the extension of a parent body. It must have a management and be materially equipped to negotiate business with third parties, so that they do not have to deal directly with the parent body.”

2. EU—CJEU—When and to what extent is an EU court required to decline jurisdiction on lis pendens grounds?

On October 19, 2017, the CJEU ruled in an important lis pendens case. The case is Merck KGaA v. Merck & Co. Inc., Merck Sharp & Dohme Corp, and MSD Sharp & Dohme GmbH. The matter came before the CJEU on a reference from the Landgericht Hamburg (Regional Court, Hamburg, Germany).

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269 Id. para. 38.
The referring Hamburg court, through the reference, sought guidance on the interpretation of Article 109(1)(a) of the 2009 EUTM Regulation (see, now, Art. 136 of the 2017 EUTM Regulation), which provides (in relevant part) as follows:

1. Where actions for infringement involving the same cause of action and between the same parties are brought in the courts of different Member States, one seized on the basis of an EU trademark and the other seized on the basis of a national trademark:

(a) the court other than the court first seized shall of its own motion decline jurisdiction in favour of that court where the trademarks concerned are identical and valid for identical goods and services . . . .

The referring Hamburg court was the second of two EU courts in which infringement proceedings had been commenced in relation to the trademark MERCK. The parties on either side of the case are companies that had once been associated (and were referred to by the CJEU as having been part of the same corporate group), but the claimant company had operated entirely independently of the defendants since 1919. The claimant is a major chemical and pharmaceutical operation. The defendants, also a very substantial undertaking, sell medicines and vaccines, cosmetics and healthcare products. An agreement was in force which regulated the defendants’ use of the claimant’s trademark in Germany and other EU Member States.

A dispute arose between the parties by reference to the defendants’ Internet presence, at websites including www.merckvaccines.com and www.merck-animal-health.com, and on social media platforms.

On March 8, 2013, the claimant commenced proceedings in the English High Court against two of the defendants, Merck & Co. and Merck Sharp and Dohme, for infringement of its MERCK trademark in the United Kingdom, relying on UK registered trademarks and corresponding IRs. (See earlier in this Review for a separate case note on the 2017 appeal decision in those English proceedings.)

Three days later, on March 11, 2013, the claimant commenced proceedings against all three of the defendants for infringement of its EU trademark MERCK.

Both of the actions, the one in England and the one in Germany, pertained essentially to the same worldwide—therefore, EU-wide—Internet presence being maintained by the defendants.

The claimant subsequently sought to withdraw that part of the claim that it had brought in Germany (i.e., the claim under the EU trademark) which pertains to the United Kingdom. The defendants contested this application. The questions then arose, whether or not, in view of the earlier UK proceedings, the German court should decline jurisdiction in respect of the EU trademark claim on the
basis of Article 109(1)(a), and whether or not the proposed withdrawal of the UK from that claim had any impact on this.

The Hamburg court referred a series of rather involved questions to the CJEU, which were re-cast quite succinctly by the CJEU. As reformulated by the CJEU, the first question to be addressed by the CJEU concerned the interpretation of “cause of action,” as used in Article 109(1)(a): was the Article 109(1)(a) requirement for the two cases to have the same cause of action satisfied in a case like this, where one action involves a claim based on national trademarks in respect of one EU Member State whereas the other is based on an EU trademark and concerns an alleged infringement in the entire territory of the EU?

The term “cause of action” is not defined in the EUTM Regulation (either in its 2009 iteration or the new 2017 form). It is unhelpful that the various language versions of the 2009 EUTM Regulation use quite different language to express the term. For example, although the English and Lithuanian texts refer to “the same cause of action,” the Spanish, French and Slovakian versions refer to actions concerning “the same acts,” and other versions refer to actions having the same “subject matter” and “legal basis.”

Reaching beyond the linguistic difficulties, the CJEU held the term to require a meaning in line with the *lis pendens* rules under Article 27 of EU Council Regulation No. 44/2001 on jurisdiction and judgments.

According to the applicable case law, the “cause of action” for purposes of Article 109(1)(a) of the EUTMR would therefore comprise “the facts and the rule of law relied on as the basis for the action.”277 The CJEU referred in this connection, by analogy, to its rulings in *Tatry,278* and *Aannemingsbedrif Aertssen and Aertsen Terrassements.279*

Applying this in the context of the question raised in the present case, the CJEU held that civil actions proceeding, respectively, under the UK trademarks and under the EU trademark should be considered to have the same basis, since each was based on exclusive rights arising from identical trademarks. The facts of the cases were also to be considered identical since each case concerned the use of the term “MERCK” on websites and social media platforms accessible worldwide.

The CJEU considered the two sets of proceedings to have the same subject matter, by reference to the ends which each of the actions had in view. The concept of “subject-matter” could not be restricted so as to mean two claims that are formally identical. (The

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278 Case C-406/92, para. 39 (EU:C:1994:400).
279 Case C-523/14, para. 43 (EU:C:2015:722).
CJEU referred by analogy to its ruling in *Maersk Olie & Gas.*

However, the two actions could be considered to have the same subject matter only to the extent that the alleged infringements with which the actions are concerned relate to the same territory. Any other interpretation, held the CJEU, would unduly restrict rightsholders’ ability to assert their rights under EU trademarks.

Therefore the court ruled that Article 109(1)(a) of the EUTM Regulation applies only in so far as the action based on the national trademarks and the action based on the EUTM relate to an alleged infringement in the same EU Member State. Here, this would be the UK.

The CJEU then dealt with the question of whether, in the event of such an overlap, the court seized of the later EUTM action should decline jurisdiction of the action in its entirety, or only in respect of the part of the dispute relating to the territory in which the earlier national action is proceeding. The defendants, in support of the former interpretation, urged the “unitary character” of the EUTM, which offers uniform protection throughout the whole of the EU.

The CJEU acknowledged the “unitary character” argument, and that injunctive relief issued by EU trademark courts must, as a rule, extend to the whole EU. However, this was subject to exceptions – the CJEU here referring to its 2016 ruling in *combit Software.*

The CJEU ruled that a similar exception should apply in the present case. In other words, Article 109(1)(a) would oblige the German court to decline jurisdiction in respect of the part of the dispute relating to the UK, but not of the EUTM claim in its entirety.

The CJEU went on to hold that, if the claimant in the German EUTM proceedings did withdraw that part of the claim relating to the United Kingdom, the cases would no longer be considered to involve “the same case of action” for the purposes of Article 109(1)(a). This follows easily from the earlier parts of the CJEU’s decision.

Finally, the CJEU confirmed that Article 109(1)(a) would not apply in any case in respect of goods and services validly covered by the EUTM that were not validly covered by the trademarks on the basis of which the earlier national action is proceeding. (This could be relevant, presumably, given that the UK trademark rights relied on in the English proceedings have been revoked in part for non-use—see case note earlier in this Review.)

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280 Case C-39/02, para. 36 (EU:C:2004:615).
3. EU—CJEU—Is a dispute as to whether or not a person has been properly registered as owner of a trademark subject to the exclusive jurisdiction of the courts of the EU Member State in which the trademark has been registered?

_Hanssen Beleggingen BV v. Tanja Prast-Knipping_282 concerns the interpretation of the EU’s general rules on jurisdiction.

The rules in question are now contained in Regulation (EU) No. 1215/2012, but this took effect only for proceedings commenced on or after January 10, 2015. Since the action in question here began before that date, the matter was governed by Regulation No. 44/2001.

Article 2(1) of Regulation No. 44/2001 contains the general rule that persons domiciled in an EU Member State should be sued in the courts of that Member State. However, Article 22(4) of Regulation No. 44/2001 confers exclusive jurisdiction (regardless of domicile) in proceedings concerning the registration or validity of trademarks on the courts of the Member State in which the trademark application was made. (The equivalent rule is now found in Article 24(4) of Regulation No. 1215/2012.)

The present case concerned a Benelux trademark, the word/figurative mark KNIPPING. Benelux trademarks are registered with the BIPO, whose office is in The Hague, in the Netherlands. Application for the mark had been made in 1979 by a German company owned by Mr. Helmut Knipping. On Mr. Knipping’s death, Ms. Prast-Knipping, the defendant, claiming title to the trademark as part of Mr. Knipping’s estate, secured the registration of the Benelux mark in her own name.

A dispute arose as to the true ownership of the mark. The plaintiff argued that the mark had not been part of Mr. Knipping’s estate at the time of his death. It therefore commenced proceedings in Düsseldorf, Germany, the place of Ms. Prast-Knipping’s domicile.

On appeal of the matter to the Oberlandesgericht Düsseldorf (Higher Regional Court, Düsseldorf) the question of jurisdiction arose: was the matter properly to be determined by the courts of the defendant’s domicile, or in the courts of the Netherlands, where the trademark at issue had been registered? It was determined that a reference should be made to the CJEU on the question of whether or not a claim of this kind, as to whether or not a person was correctly registered as the proprietor of a trademark, fell within the notion of proceedings “concerned with the registration or validity of . . . trademarks” within the meaning of Article 22(4) of Regulation No. 44/2001.

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The CJEU decided that it did not, with the result that the claim had been correctly brought in the German courts.

The CJEU considered that the exclusive jurisdiction provision of Article 22(4) should be construed no more widely than was required to meet its objective. The reason for conferring exclusive jurisdiction on the courts of the country in which the mark had been registered was because they were best-placed to deal with issues concerning the existence or validity of rights. However, in patent cases, situations that did not concern the existence or validity of the patent were considered to fall outside the scope of this exclusive jurisdiction, and the same should be true for trademarks.

The CJEU held, “Proceedings in which there is no dispute regarding the registration of the trademark as such or its validity are covered neither by the words ‘proceedings concerned with the registration or validity of . . . trademarks’ in Article 22(4) of Regulation No. 44/2001, nor the objective underlying that provision. In that regard, the Court points out that the question of the individual estate to which an intellectual property right belongs is not, generally, closely linked in fact and law to the place where that right has been registered.”

The conclusion reached by the CJEU, that a proprietorship dispute of this kind does not fall within the exclusive jurisdiction of Article 22(4), was unaffected by the fact that EU trademark legislation includes certain specific rules on proprietorship claims—specifically, the right of the true proprietor of a trademark to require the transfer to it of a registration of the mark secured by its agent or representative. The CJEU noted that these provisions contained specific relationships between a trademark owner and its agent/representative, which did not feature in the present case.

XI. REMEDIES

A. Introductory Comments

Four cases in this Part show the varying preoccupations of the EU Member States' courts when it comes to remedies. The first is a CJEU decision, on a reference from the Supreme Court of the Czech Republic. This is followed by decisions of the Irish High Court and Swedish Supreme Court, and then a note on a series of 2017 decisions in Germany, primarily from the German Federal Supreme Court, on the difficult issue of product recall.

Relevant statutory material is provided, where relevant, in the individual case notes.

B. Cases

1. EU—CJEU—Is a trademark owner entitled to seek an order for disclosure by the infringer of information concerning the origin and distribution of the goods after the definitive termination of the successful infringement proceedings?

The answer to this question is yes, and the issue had gone all the way to the Supreme Court of the Czech Republic before being answered, on a reference, by the CJEU on January 18, 2017. The case is *NEW WAVE CZ, a.s v ALLTOYS, spol. s.r.o.*

The issue concerns the interpretation of Article 8(1) of Directive 2004/48 (the EU Enforcement Directive), which provides, in its English-language version, that the plaintiff in an infringement claim may seek a court order for disclosure of information on the origin and distribution network of the infringing goods services if it seeks that order “in the context of proceedings concerning an infringement of an intellectual property right.”

In the case in hand, the plaintiff had succeeded in trademark infringement proceedings brought by it in the Czech Courts. It had secured an injunction against future infringement and an order requiring the defendant to withdraw the infringing products from the market. The plaintiff then brought a new application, after the definitive conclusion of the infringement action, seeking an order for information on the origin and distribution of the infringing goods. This was refused on grounds that such a claim might only be made as part and parcel of the infringement action.

The CJEU ruled that it is possible to bring a claim for the disclosure of the information following the conclusion of the infringement action. It found this, among other things, to be consistent with the objective of Directive 2004/48, which is directed an ensuring not only a homogenous level of protection for intellectual property rights in the EU but also a high level of protection. The CJEU noted also that the right to information is a vital platform for effectively securing other remedies, including the calculation of damages, and that it might be the case that the successful plaintiff might become aware of the extent of infringement only after the final disposition of the proceedings.

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2. Ireland—Irish High Court—When may the court exercise its discretion not to entertain a claim to the defendant’s profits?

In *Nutrimedical B.V. and Aymes International Limited v. Nualtra Limited*, the Commercial Court division of the High Court, Dublin, Ireland gave a ruling in a bitterly-fought infringement case. Although upholding the infringement claim, the court determined that the claimant should be left to a remedy in damages, denying it the right to pursue an enquiry into the defendant’s profits. The ruling was given on May 2, 2017.

Nutrimedical B.V. (as trademark owner) and Aymes International Limited (as subsequent assignees) brought trademark infringement proceedings in May 2015 against Nualtra Limited, on the basis that there was a likelihood of confusion between Nualtra’s NUTRIPLEN mark, as used for oral nutritional supplements, and the plaintiffs’ EU trademark, NUTRIPLETE, registered in Class 5 for dietetic preparations and nutritional supplements.

Prior to commencing proceedings, Nutrimedical had successfully opposed Nualtra’s 2013 EU trademark applications for NUTRIPLEN, NUTRIPLEN PROTEIN and NUTRIPLEN SMOOTHIE in Classes 5 and 32, these being the classes in which Nutrimedical’s NUTRIPLETE mark was also registered. The EUIPO had found that the NUTRIPLEN marks were confusingly similar to Nutrimedical’s trademark registration for NUTRIPLETE, and these decisions were upheld by the Board of Appeal.

At that point Nutrimedical had demanded an undertaking from Nualtra that it would withdraw its applications for conflicting trademarks, and would not use any trademarks that infringed the NUTRIPLETE mark in the EU. Nualtra refused, but in September 2015 started a re-branding programme to “Altrapen.” Nualtra’s decision to re-brand appears to have been in part because the plaintiffs had disrupted Nualtra’s business by threatening to bring trademark infringement proceedings against its bottler/manufacturer, which had then ceased to supply Nualtra. It may also have been because the plaintiff Aymes had sent a series of “poison pen” letters to over eight hundred general medical practitioners in the UK about Nutriplen products, in which it made false and defamatory statements about Nualtra, and had then denied doing so, both to Nualtra and to its own lawyers. In prior proceedings between the parties in 2016 this conduct had been censured by the Irish High Court as being “reprehensible,” and in the course of that dispute Nualtra had been forced to go to the

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expense of obtaining so-called “Norwich Pharmacal” orders in the UK, to obtain evidence of the misconduct from third parties.

Even after re-branding, Nualtra still refused to give an undertaking in relation to NUTRIPLLEN. Interestingly, by the date of the trial the plaintiffs appear never to have used their NUTRIPLLETE mark, and at trial the Chairman of Aymes gave evidence that they would not do so until they had received the relevant undertakings from Nualtra.

After a ten day trial, the Irish High Court delivered judgment in which it made a classical analysis of trademark infringement. In summary, it found that there was a high degree of visual and aural similarity between the marks, albeit limited conceptual similarity. On the basis that Nualtra’s products were oral nutrition supplements and identical to the goods covered by the plaintiffs’ trademark registration, and even though the evidence indicated that Nualtra’s products were prescribed or were sold by pharmacies “over-the-counter” and not available otherwise, the judge found that there was a high likelihood of confusion.

The Irish High Court noted that Nualtra’s CEO had given evidence that, after having undertaken a re-branding and meeting a number of regulatory hurdles, there was no real prospect of the company changing back to the NUTRIPLLEN mark, and that it had continued to defend the proceedings, at great cost, because the CEO believed “100%” that there was no infringement of the NUTRIPLLETE mark. The Irish High Court concluded that the defense had been run purely on a point of principle.

In Ireland, as in the UK, a successful plaintiff in a trademark infringement claim may elect whether to receive compensation in the form of damages or (alternatively) to receive an amount equal to the defendant’s profits derived from the infringement. It need not make that election until a detailed enquiry is made into the level of profits. However, the profits remedy is “equitable” and the court has a discretion whether or not to allow it.

In terms of a remedy, the plaintiffs had sought to reserve their position on requesting an “account of profits” instead of damages, on the basis that this could be heard at a subsequent hearing. However, the Court exercised its discretion to refuse an account of profits. It did so on three bases: first, there was at least some evidence already that Nualtra had not made a profit from the sale of NUTRIPLLEN products; secondly, the Court felt that the equitable account of profits remedy was not justified in view of Aymes’ conduct in the issuing the “poison pen” letters; and, thirdly, because it recognized that the defendants had already effectively expended a very large amount of money on litigation that had no real commercial justification and it did not want to put Nualtra to the additional expense of a further damages hearing, or waste further court time.
Very unusually, the court also refused a separate damages hearing, and determined the damages at the trial. Again this was to avoid further legal expenditure on what the courts considered had already been a disproportional expensive action. Turning to the assessment damages; the plaintiffs had not used their mark and had given no evidence of having suffered any actual loss, but they had provided expert evidence concerning the value of a notional trademark license fee of €260,000. However, considering the factors discussed above and also that Nutrimedical had assigned the NUTRIPLETE mark to Aymes in 2015 for no more than approximately €70,000, the judge assessed damages for the relevant 3.5-year period as being a notional license fee of €35,000. Since the rule in Ireland is that “costs follow the event,” the plaintiffs will likely be able to recover 60%–80% of the EUR1.3 million they spent in fighting the case from the defendants, despite the low order of the damages.

3. Sweden—Swedish Supreme Court—What is the legal effect of passivity when calculating damages?

In a decision of the Swedish Supreme Court (Case No. T 230-15) of February 7, 2017, the court made several important clarifications in regard to the topic of non-contractual damages, especially damages due to loss of profit. One of the particular aspects considered in the decision was, what effect the harmed party’s failure to act to minimize the damage being incurred should have on the final compensation awarded.

The background of the dispute was that two Swedish companies, Bringwell Sverige AB and its subsidiary company Hela Pharma AB (referred to here together for convenience as “Bringwell”), were the sole distributors of certain liquid dietary supplements on the Swedish market. The products were sold under the trademark MIVOTOTAL. In the beginning of 2006, two other companies, Orkla Care AB and Pharbio Medical International Aktiebolag (referred to here together for convenience as “Orkla”), collectively launched a similar product under the trademark MULTI TOTAL. Bringwell sued for trademark infringement and sought a temporary injunction, under the penalty of a fine, until the matter was finally resolved. The interim injunction was issued by Sollentuna district court, and upheld until the matter was finally resolved.

Facing a fine of one million SEK if they were to continue to use the trademark MULTI TOTAL, Orkla withdrew their products from the market. In 2010, Svea Court of Appeals found that there was no trademark infringement and revoked the injunction. Consequently, Orkla sued Bringwell for damages due to loss of profits caused by the preliminary injunction. The district court awarded Orkla 20

million SEK in its judgment, which was upheld by Svea Court of Appeal. The decision was appealed to the Swedish Supreme Court by Bringwell, arguing that all Orka’s claims should be denied.

The appeal case before the Swedish Supreme Court raised several different questions, one of which was whether or not Orkla had any obligation to limit their own losses resulting from the preliminary injunction, and whether or not this should affect the damages awarded. Bringwell had argued that Orkla could have minimized the damage incurred, for example, by selling the product under a different trademark or a generic name.

The Swedish Supreme Court held that there are certain general rules which are applicable when deciding whether or not damages awarded should be reduced. One of these rules is the obligation of the harmed party to limit their own loss. The obligation is most evident in a contractual relationship. However, as the Swedish Supreme Court established in this case, this is not limited to contractual relationships.287 The court held that the obligation is limited to the harmed party taking reasonable actions to limit the damages suffered. Since any actions to limit the damages are taken in the interest of the damaged party, the court reasoned that the obligation could only include taking such actions which entail reasonable risk. According to the court, one example of such reasonable actions by the damaged party would be to appeal the decision which granted the preliminary injunction.

The Swedish Supreme Court then considered whether or not Orkla had an obligation to limit their damages by continuing to sell their product, but under a different trademark or a generic name. The court reasoned that taking such actions, when faced with a preliminary injunction under the penalty of a fine, would entail not only the risk of being considered a breach of the injunction, but also the risk of the new trademark potentially infringing third party trademark rights. Consequently, the court established that Orkla did not have an obligation to sell the products under another trademark, or a generic name, to limit their damages.288

The judgment is very interesting for two reasons. The first is that the decision establishes that there is indeed an obligation for a damaged party to limit their own damages, even outside of contractual relationships. The second is the wider implications that this may have, when considering the legal effects of passivity in Swedish law. It could be argued that the obligation includes a requirement for a rights holder to take legal action in certain situations, since sitting idly by while watching a trademark

287 Note that this is only a mitigation rule. It does not affect whether or not a party is to be held liable for the damages, but only the extent of the damages.

288 The damages were ultimately reduced by the Supreme Court to 2 million SEK, although mainly due to the fact that Orkla could only partially prove the extent of the profits it had lost.
infringement take place may not be considered a reasonable action on the trademark owner’s part. Consequently, when it can be established that a trademark infringement has taken place and that the infringement should result in damages being awarded, the rights holder may also need to consider whether or not they have taken reasonable actions to limit the damages incurred, since this may have an impact on their ability to recover full compensation.

4. Germany—German Federal Supreme Court—Can a claim for forbearance include a claim for product recall?

In three decisions published in 2017, the German Federal Supreme Court held that the claim for forbearance includes an obligation to recall infringing goods from the market. The cases are Rescue Tropfen, Luftentfeuchter, and Quarantäne-Buchung. This can apply also in proceedings for preliminary injunctions. The decisions further clarify a trend that had started before, and had led in particular to the Piadina-Rückruf and Hot Sox decisions of the Federal Supreme Court of 2016 (GRUR 2016, 406, and 720).

In the latest Personenbeförderung decision in this context, also noted in this section, the Court of Appeal of Frankfurt/Main tried to alleviate the risk resulting from this court practice.

- **The cases**

  In the case underlying the Rescue Tropfen decision, the Court of Appeal of Munich had decided a trademark infringement claim against the defendant, the distributor of certain Bach flower products, and issued an injunction against it. Although the distributor then ceased the distribution of its products, the products were still available in pharmacies. The plaintiff therefore applied for the imposition of an administrative fine for non-compliance with the court order because the defendant had not recalled those products from the pharmacies. The Court of Appeal held that this was a non-compliance with the court order and imposed a fine. Upon further appeal, the German Federal Supreme Court confirmed this decision.

  In the case underlying the Luftentfeuchter decision, the infringer had signed a declaration of forbearance, by which it undertook not to advertise with a certain statement, and by which it undertook to pay a contractual penalty in case of non-compliance with the

290 Case No. I ZR 208/15 (decision of May 4, 2017).
291 Case No. I ZB 96/16 (decision of Oct. 11, 2017).
292 Federal Supreme Court of 2016 (GRUR 2016, 406, and 720).
293 Case No. 6 W 93/17 (Court of Appeal of Frankfurt/Main, Nov. 22, 2017).
obligation. Nevertheless, products with the contested statement appeared in various shops, some operated by the infringer, some operated by franchisees of the infringer. Upon a court action, the infringer was ordered by a District Court to pay a contractual penalty in relation to its franchisees' sales as well as its own. The Court of Appeal upheld the decision. Upon further appeal, the German Federal Supreme Court confirmed this decision.

In the case underlying the Quarantäne-Buchung decision, the District Court of Frankfurt/Main had, by way of a preliminary injunction, ordered a distributor of wound care products not to sell certain branded products in a modified packaging without mentioning the trademark owner. While the distributor complied with the order as far as the own distribution was concerned, it did not recall the products that had already been supplied to third parties. Upon a further application by the trademark owner, the court imposed an administrative fine on the distributor for non-compliance with the court order, to the extent that those products which had already been supplied to third parties had not been recalled by the distributor. The Court of Appeal of Frankfurt/Main lifted the fine. In its decision the Court of Appeal pointed out that an obligation to recall supplied products as part of the obligation to abstain from further supplies could exist only in relation to those third parties with which the distributor had a contractual relationship. However, upon further appeal, the German Federal Supreme Court overruled the decision of the Court of Appeal of Frankfurt/Main and referred the case back to the District Court for further consideration.

**The statutory law**

From the wording of the German Trademark Act it seems that the claim for the cessation of a distribution or promotion of infringing products and the claim for recall of infringing products from the market are two different claims: In this regard the German TMA, contains two relevant provisions:

**Paragraph 14 TMA:**

(1) The acquisition of trade mark protection in accordance with section 4 shall grant to the proprietor of the trade mark an exclusive right.

(2) A third party shall be prohibited, without the consent of the proprietor of the trade mark in the course of trade, from

1. using a sign which is identical to the trade mark for goods or services which are identical to those for which it enjoys protection,

2. using a sign if the likelihood of confusion exists for the public because of the identity or similarity of the sign to the trade mark and the identity or similarity of the goods
or services covered by the trade mark and the sign, including the likelihood of association with the trade mark, or

3. using a sign identical with or similar to the trade mark for goods or services which are not similar to those for which the trade mark enjoys protection if the trade mark is a trade mark which has a reputation in this country and the use of the sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark which has a reputation.

(3) . . .

(4) . . .

(5) Anyone using a sign in contravention of subs. 2 to 4 may be required by the proprietor of the trade mark to refrain therefrom if there is a danger of recurrence. The right shall also exist if there is a risk of a contravention occurring for the first time.

Paragraph 18 TMA:

(1) . . .

(2) The proprietor of a trade mark or of a commercial designation may claim against the infringer in cases falling under sections 14, 15 and 17 requiring the re-call of unlawfully-identified goods or their permanent removal from sale.

(3) . . .

The claim to cease the distribution or promotion of infringing products aims at avoiding a future infringement. The claim to recall of infringing products from the market aims at terminating a present infringement.

• The court practice

Even before the string of 2017 decisions, it had been German court practice that a claim for forbearance (i.e., that the infringer should desist from further infringing activity) would be considered to include a claim for removal of the infringing status (i.e., the existence of a state of affairs in which the rights are infringed) could be brought to an end only by removing the source of the infringement. A claim for forbearance means that the infringer should desist from further infringing activity. With regard to infringing products that had already been supplied to customers this removal would be executed by recalling the products from the customers. Under this practice, the claim for removal would thus correspond to a claim for a product recall. However, in the 2017
series of decisions the German Federal Supreme Court has defined the relation between forbearance and removal anew.

In the Rescue Tropfen decision, the German Federal Supreme Court held that the claims for forbearance and removal are, as a rule, two different claims and that the plaintiff may decide which claim to pursue (or may pursue both). In the case of a continuing infringement, however, not removing the infringing status (i.e., not recalling the products from the market) would amount to a continuing infringement in breach of an injunction even though no claim has been made for removal as such.

This new 2017 practice of the German courts had been criticized, by courts and commentators, particularly having regard to the way it may apply where the infringer does not have a contractual claim for recall against its customers (see the decision in the Quarantäne-Buchung case\(^{294}\)), and regarding its application in the case of a preliminary injunction.

- **Recall beyond contractual relationship**

As regards the question of whether or not the claim for recall can apply even in situations where the infringer does not have a contractual claim for recall against its customers, the German Federal Supreme Court pointed out in the Luftentfeuchter decision that the infringer’s liability did not follow from a qualification of the shops and franchisees as vicarious agents—that is, persons employed in performing the infringer’s obligation to abstain from supplying the contested products. Instead, it follows from the fact that the infringer had not taken all reasonable steps to make the shops and franchisees abstain from further selling the infringing products which he should do because the further distribution is to the economic benefit of the infringer. The claim for removal would not require that the infringer has an enforceable claim against third party shops or franchisees; the infringer should at least try to recall the products from the third party outlets concerned—with vigor and diligence, and with express reference to the infringing nature of the products that are recalled. This would include contacting the shops or franchisees, for example, by phone and seeking a written confirmation from them that they will no longer sell the contested product.

As regards the relationship between the dependent claim for recall (in furtherance of the obligation to effect removal) as part of the claim for forbearance, on the one hand, and the independent claim for recall of infringing products (as separately provided for in the TMA) on the other, the German Federal Supreme Court pointed out the Luftentfeuchter case that the dependent claim for recall as part of the claim for forbearance is limited to efforts aimed at

\(^{294}\) Case No. 6 W74/16 (Court of Appeal Frankfurt/Main, Sept. 19, 2016).
avoiding further infringements. Against this, the independent claim for recall of infringing products goes beyond the dependent claim in that it covers all infringing products even if, for whatever reasons, no further infringing actions are likely to happen.

- **Recall upon preliminary injunction**

  As regards the question of whether or not the claim for recall also exists in situations where the infringer had been ordered to abstain from further supplying the infringing products to third parties by way of a (mere) preliminary injunction, the German Federal Supreme Court ruled in the *Quarantäne-Buchung* decision that the nature of a preliminary injunction is such that the remedies sought by the claim are not to be finally fulfilled. For this reason, the infringing product is not to be recalled from the third parties under a preliminary injunction. Instead, however the third parties should (only) be asked by the alleged infringer which is subject to the preliminary order to withhold and not to further distribute the infringing products.

  Despite the clarity achieved on this point, a key issue is still undecided and has not been addressed in the German Federal Supreme Court decisions: What should happen if the preliminary injunction were subsequently to be discharged?

  A preliminary injunction issued in Germany can be overruled upon the opposition of the defendant or in a subsequent main action. In this situation a statutory provision (Paragraph 945 of the German Code of Civil Procedure) provides for a damages claim on the part of the alleged infringer against the right holder, to the extent that its compliance with the preliminary injunction by ceasing the distribution of a product has caused it damage. If, in such a case, the preliminary injunction only required the alleged infringer to cease its own further sales of the allegedly infringing products the damage caused thereby may already be quite substantial. If, however, the alleged infringer also has to recall the products from the market, to remove the allegedly infringing products from the shelves of the customers, the damage may be far bigger as it would cover the value of the recalled products, the recall costs, and loss of profits if, after the lifting of the preliminary injunction, the products can no longer be sold because the customer has already replaced them with competitive products, and so on. Even if the products then find their way back into the market, the promotional effect of their introduction may be lost and they may no longer be in the mind of the people deciding on the purchase, or—like physicians in the case of medicines—on a prescription.

  As noted above, the German Federal Supreme Court in its *Quarantäne-Buchung* decision did not entirely do away with the possibility of a claim for removal in the context of preliminary
injunctions; it merely replaced it with a claim to request a “freeze” of the further distribution of an infringing product by third parties.

To avoid the possible damage that may follow even from a “freeze” of the further distribution of an allegedly infringing product, it is debatable whether the trademark owner may effectively minimize its risk by raising only the claim for forbearance, expressively excluding a claim for removal, when seeking a preliminary injunction. While, in principle, this strategy would be possible from a procedural point of view, it contains the risk that the preliminary injunction will then not be granted. The reason is that German law allows courts to issue a preliminary injunction only if the matter is urgent. If, however, the owner of the infringed right shows by its own conduct that he does not regard the matter as urgent, a court will refuse the preliminary injunction. It is acknowledged that holding back in one’s efforts to enforce one’s own rights are an indication that the right holder does not regard the cessation of the infringement as urgent. Waiving claims for recall may be interpreted as such an indication. Until a settled court practice has been established in this respect, trademark owners have to consider this risk when deciding whether to contest a trademark infringement by way of a preliminary or a permanent injunction.

In the latest decision, Personenbeförderung, the Court of Appeal of Frankfurt/Main tried to alleviate the risk resulting from this court practice by limiting the burden to act upon a third party in an attempt to remove an infringement to cases in which the infringer knows of the infringement by the third party. It is only if the infringer has become aware of a specific infringement by a third party, that the infringer should contact that third party to have the infringement brought to an end.

- **Side note: Removal of infringing items on the Internet**

As a side note, the practice of the German courts regarding removal as part of forbearance in the context of infringements on the Internet can be taken from a decision of the Court of Appeal of Celle of August 21, 2017. According to this court practice, a defendant required to remove prohibited website content must not only delete material so that the future publication is ceased, but must also remove copies that still exist in the cache stores of search engines. The reason is that search engines do not refer to the most current version of a website if compiling the “hit list” for a search term. Instead, they draw the version that they still have in their cache stores from a previous search. Such an outdated version would appear to be the relevant version of the website but still show the infringement. To remove this infringing status, the infringer has to

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295 Case No. 13 W 45/17 (Court of Appeal of Celle, August 21, 2017).
call on the search engine operator, in particular Google (but also the operators of other commonly used search engines) to delete the content of their cache stores.

Comparable decisions had already been rendered by the Court of Appeal of Celle,296 the Court of Appeal of Stuttgart,297 the Court of Appeal of Düsseldorf,298 the Court of Appeal of Zweibrücken,299 and the District Court of Cologne.300 While the infringer is not able to guarantee that the search engine will actually update its stores, the infringer is at least required to do what he can do to speed up the update of the search engine stores.

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296 Case No. 13 U 58/14 (Court of Appeal of Celle, Jan. 29, 2015).
297 Case No. 2 W 40/15 (Court of Appeal of Stuttgart, Sept. 10, 2015).
299 Case No. 4 U 45/15 (Court of Appeal of Zweibrücken, May 19, 2016).
300 Case No. 31 S 2/16 (District Court of Cologne, Feb. 14, 2017).
Glossary

CJEU: The Court of Justice of the European Union, which refers to itself simply as “the Court of Justice” and is also often referred to as the “ECJ” or “European Court of Justice.”

EUIPO: The European Union Intellectual Property Office, being the office that handles EU trademark applications, oppositions, and cancellation actions. It was previously called (in its English language version) the ‘Office for Harmonization in the Internal Market’ or ‘OHIM’. (The name was changed with effect from March 23, 2016.)

EUTM or EU trademark: A registered trademark obtained by means of the EU’s centralized procedure (i.e., by application to the EUIPO), which provides rights throughout the entire area of the European Union. (Note that the name was changed from “Community Trademark” (“CTM”) to “EU Trademark” (“EUTM”) with effect from March 23, 2016.)

EU General Court: The EU court with jurisdiction to hear appeals from the Boards of Appeal of EUIPO.

Member State: A country that forms part of the European Union from time to time.

Sign: As used (but not defined) in the EUTM Regulation and the TM Directive, “sign” is used to refer to the subject matter of which a trademark may consist and is also used (in the context of trademark infringement) to refer to the offending word, device, or other symbol that the defendant is using; often used in practice when the word “mark” could be used.

Union: The European Union.


2009 EUTM Regulation: Council Regulation (EC) No. 207/2009 of February 26, 2009, which provides for EU trademarks; it codified the earlier Council Regulation (EC) No. 40/94 of December 20, 1993. This was amended by Regulation (EU) 2015/2424 of the European Parliament and of the Council (December 15, 2015) with the amendments taking effect on March 23, 2016. (However, references to the EUTM Regulation in this Review are generally to the 2009 version of the Regulation.)


Note: EU trademark laws and EU lawyers use the term “trademark” rather than “trademark.” However, all references in this issue (including in the text of the legal provisions) have been changed to “trademark” to conform to the norms of The Trademark Reporter.
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