Annual Review of EU Trademark Law
2018 in Review

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TABLE OF CONTENTS

ANNUAL REVIEW OF EU TRADEMARK LAW

2018 in Review

I. Introduction ............................................................................................................. 442
   A. About this Review ............................................................................................ 442
   B. Legislative Change and Terminology ............................................................. 443
   C. Organization of Material in this Review ....................................................... 444

II. Absolute Grounds for Refusal of Registration, and for Cancellation ....................... 444
   A. Introductory Comments .................................................................................. 444
   B. Legal Texts ..................................................................................................... 446
   C. Cases .............................................................................................................. 448
      1. EU—CJEU—Is the concept of “shape” within the meaning of the 2008 TM Directive limited solely to three-dimensional properties of a product, or does it also cover other characteristics such as color? .......................................................... 448
      2. EU—CJEU—Does a mark lack distinctive character where there is inherent probability that it will be used as a surface pattern and be “indissociable” from the appearance of the goods concerned? ........................................................................... 450
      3. EU—CJEU—Is it necessary for a sign to look striking or unusual to enable the relevant public to identify the origin of the goods or services? .......... 453
4. EU—CJEU—Do differences in treatment of evidence in absolute grounds analysis between a national IPO and the EUIPO offend the principle of the unitary character of an EUTM? .......................... 455

5. EU—CJEU—Was an EUTM relating to a tourist attraction lacking distinctiveness and descriptive as to the geographical origin and other characteristics of the goods and services? .............. 458

6. EU—CJEU—Should a trademark be refused registration where it consists of a geographical name and a term commonly used to designate facilities or sites in which such products are made? ................................................................. 461

7. UK—Court of Appeal—Can invalidity arising from issues of clarity and precision in the description of a color mark be fixed by characterizing the marks as part of a series? .......... 463

8. Denmark—Danish Maritime and Commercial High Court—Does the use of a term denote a trademark or a product to the average consumer? ................................................................. 466

9. Germany—Federal Patent Court—In the assessment of the descriptive nature of a sign in a “foreign language” is the relevant perception that of the general public or of “expert” circles in trade? ........................................................................ 467

10. Spain—Appeal Court of Barcelona—Had a sign become a descriptive term, used by the majority of manufacturers to refer to a category of products with a common name? ........................................ 469

11. Sweden—Patent and Market Court of Appeal—Should consideration of distinctiveness and descriptiveness each be carried out independently of the other, or simultaneously? ...... 471

12. Germany—Federal Supreme Court—To what extent can the issue of distinctiveness depend upon the likely form of use of the sign? .......................... 473
III. Conflict with Earlier Rights—Relative Grounds for Refusal of Registration

A. Introductory Comments

B. Legal Texts

C. Cases

1. EU—CJEU—Does the analysis of unfair advantage differ as between luxury goods and common mass-consumed foodstuffs with only a peripheral relationship to the reputation of the earlier mark?

2. EU—CJEU—In what circumstances can the CJEU set aside decisions of the General Court on the basis of inadequate reasoning?

3. EU—CJEU—When does an appeal to the CJEU on matters of law amount to an inadmissible challenge to the analysis of facts by the General Court?

4. EU—CJEU—What conditions must the owner of an unregistered name establish in order to oppose a third party’s attempt to register a confusingly similar sign for similar services?

5. EU—General Court—When might the conceptual meaning of a “celebrity” name counteract the visual and phonetic similarities with an earlier national trademark?

6. Netherlands—Dutch Supreme Court—Does the analysis of a “generalization step” in the assessment of conceptual similarity amount to a new criterion of analysis?

7. Poland—Polish Supreme Administrative Court—In the assessment of an opposition based upon a trademark with a reputation, should the protection for EUTMs be restricted only to the territories of those Member States where reputation may be established directly?
8. Denmark—Danish Maritime and Commercial High Court—What is the scope of protection of an EU Collective Mark consisting of the combination of a descriptive element and a geographical indication? ............................................ 499

IV. Bad Faith ................................................................. 501
   A. Introductory Comments ..................................... 501
   B. Legal Texts ....................................................... 502
   C. Cases ............................................................. 502
      1. UK—High Court—Can a trademark be invalidated on the basis of bad faith arising from a lack of intention to use the full scope of the goods and services specified? Was the specification of goods and services insufficiently clear and precise? .................................................. 502
      2. UK—High Court—Issues relating to bad faith and invalidity for a mark registered in respect of “financial services” also required the guidance sought from the CJEU in the “SkyKick” questions ............................................................... 505
      3. Italy—Italian Supreme Court—In what circumstances is a trademark application filed in bad faith? ................................................................. 509
      4. Spain—Appeal Court of Barcelona—Does the licensee of trademark purportedly licensed but that did not, in fact, exist have the right to file for the equivalent mark in its own name? ................ 510

V. Use of a Trademark ......................................................... 512
   A. Introductory Comments ..................................... 512
   B. Legal Texts ....................................................... 514
   C. Cases ............................................................. 520
      1. EU—CJEU—Does evidence of acquired distinctive character for an EUTM need to be established throughout the EU, or merely a substantial part of it? ........................................ 520
2. EU—CJEU—Was the evidence in respect of acquired distinctiveness sufficient to show use throughout the EU so as to demonstrate that the mark would be understood as an indication of origin? ........................................................................ 523

3. EU—CJEU—Could the subsequent use of a mark that had been surrendered following a claim to seniority be deemed use in support of the validity of the claim to seniority, or was the seniority claim dependent on whether the national mark was liable to revocation at the time it was surrendered? ........................................................................ 526

4. Germany—Court of Appeal of Düsseldorf—Can a mark used as a quality seal be perceived as an indication of origin? ........................................................................ 528

5. Austria—Austrian Supreme Court—Was use of a trademark as a seal of quality use in accordance with the essential function? ........................................................................ 530

VI. Trademark Infringement ........................................................................ 532

A. Introductory Comments ........................................................................ 532

B. Legal Texts .................................................................................. 532

C. Cases .................................................................................. 535

1. UK—High Court—Did the use of a later mark create a likelihood of confusion even though that mark was likely to be perceived as a descriptive abbreviation in some circumstances? ........................................................................ 535

2. Netherlands—Dutch Supreme Court—Does the act of refilling a branded gas tank with gas from a third-party brand result in the use of the original mark in respect of the goods of that third party? ........................................................................ 538

3. Portugal—Lisbon Court of Appeal—Does the use of trademarks in comparative lists take unfair advantage of the reputation of a trademark by denoting equivalence? Must the reproduction of such marks be “in full form” in order to amount to an infringement? ........................................................................ 539
4. Benelux—Court of Appeal (Luxembourg)—Does the use of a pre-existing domain name infringe an earlier trademark registered for similar services where the earlier mark has only a weak degree of distinctive character? .................................. 541

5. Belgium—Brussels Commercial Court—Is an artist entitled to invoke his freedom of artistic expression as a justification to use a trademark without the proprietor’s consent? .......................... 542

6. Germany—Federal Supreme Court—Court of Appeal Frankfurt—Use of a trademark in respect of Autocomplete and the nature of results generated on a search for a particular trademark on Amazon’s platform .......................................................... 544

7. Italy—Court of Appeal of Milan—To what extent can keyword advertising impact upon the essential function of a trademark? ........................................ 549

8. Spain—Appeal Court of Madrid—Who bears the burden of proof in establishing responsibility for sponsored advertising on Google Adwords? .......... 550

9. UK—Court of Appeal—Can a U.S. corporation selling software only in the Americas be sued for trademark infringement in the UK for profiting from association with a UK-based retailer who trades under the same name? ................................... 552

10. UK—UK Supreme Court—Should brand owners or Internet Service Providers bear the cost of implementing a website-blocking order to restrict access to site offering the sale of counterfeit goods? ........................................................................ 554

VII. Limitation of Rights and Defenses .................................................. 556

A. Introductory Comments ................................................................. 556

B. Legal Texts .................................................................................. 557

C. Cases .......................................................................................... 558

1. EU—CJEU—Is a trademark proprietor entitled to oppose the parallel trade of “debranded” goods? ........................................................................ 558
2. EU—CJEU—Does the addition of a label to the packaging of an imported medical device constitute repackaging that may give rise to a risk to the guarantee of origin? ...........................................562

3. Sweden—Swedish Patent and Market Court of Appeal—Can a failure to identify the trademark proprietor on repackaged parallel imports constitute trademark infringement? ...........................................564

4. Germany—Courts of Appeal of Düsseldorf and Hamburg—Does exhaustion of rights prevent the sale of goods by unauthorized dealers where the nature of such sales could damage the reputation of the goods? ........................................................................567

5. Austria—Austrian Supreme Court—To what extent is a reseller of genuine goods entitled to use the stylized or figurative marks of the original manufacturer? ..............................................................568

6. Belgium—Brussels Court of Appeal—Who bears the burden of proof as to whether a brand owner has consented to the disputed goods being placed on the market in the EEA? ..............................................................571

7. Belgium—Brussels Commercial Court—Can a brand owner object to the further commercialization of refurbished genuine goods? ...572

8. Germany—Federal Supreme Court—Does exhaustion prevent a trademark proprietor from objecting to an “unusual” form of promotion in the resale of genuine goods? ..............................................................573

9. Germany—Federal Supreme Court—Is an “innocent” storage company liable for trademark infringement for holding goods alleged to infringe? ........................................................................575

10. Netherlands—District Court of The Hague—Does the use of “Dutch Tulip Vodka” qualify as use in accordance with honest practices as a defense to a claim for infringement? .................................576
11. Netherlands—District Court of The Hague—Does the use of the last name of an MMA fighter qualify as use in accordance with honest practices? ........................................................................... 577

12. France—French Supreme Court—To what extent are national “custom-made” exceptions to trademark infringement compatible with the harmonization requirements of the Trade Mark Directive? ..................................................................... 578

VIII. Geographical Indications .................................................................................. 579
   A. Introductory Comments .................................................................................. 579
   B. Legal Texts .................................................................................................... 580
   C. Cases ............................................................................................................ 581
      1. EU—CJEU—What is the proper context for the assessment of whether the presentation and description of a product constitutes an infringement of a Protected Geographical Indication? ........................................................................... 581
      2. Spain—Appeal Court of Granada—Did the use and registration of a product name for whisky produced in Spain infringe the rules of geographical indications in respect of Scotch Whisky? .................................................................................. 584

IX. Practice and Procedure ...................................................................................... 586
   A. Introductory Comments .................................................................................. 586
   B. Legal Texts .................................................................................................... 587
   C. Cases ............................................................................................................ 587
      1. EU—CJEU—In what circumstances may the EUIPO consider the exercise of its discretion to consider new evidence, submitted out of time? ........ 587
      2. EU—CJEU—The exercise of the discretion of the EUIPO in taking account of evidence submitted late must be based on an objective, reasoned exercise of that discretion rather than an automatic rejection of evidence filed late .......... 591
3. EU—CJEU—Can earlier EUIPO decisions recognizing the reputation of a trademark be taken into account as evidence in subsequent opposition proceedings? ................................. 594

4. EU—CJEU—To what extent must arguments based upon rights under national law in a Member State be supported by evidence of such law to enable the EUIPO to understand and apply the content of the relevant legislation? ........ 597

5. EU—CJEU—What is the legal standing of a body for the collective representation of trademark proprietors? ............................................. 600

6. Ireland—Irish Court of Appeal—Admission of new evidence on appeal should be confined to exceptional or special cases ............................ 602

7. Sweden—Swedish Patent and Market Court of Appeal—In requesting an order to provide information in trademark infringement cases, what constitutes “reasonable grounds” of the existence of a trademark right for which validity had been challenged? ............................................. 605

X. Jurisdiction ............................................................................. 606

A. Introductory Comments .................................................. 606

1. Spain—Appeal Court of Alicante (EUTM Tribunal)—Should the grant of a Pan-EU preliminary injunction be suspended under the Brussels Regulation? ......................................................... 609

2. Austria—Austrian Supreme Court—Are final decisions in trademark matters in one Member State binding upon the courts of another Member State in related proceedings? .................. 611

3. UK—Court of Appeal—Where does the act of online infringement occur in order to give an EUTM court jurisdiction to determine liability? ..... 613

XI. Glossary ................................................................................. 615
I. INTRODUCTION

A. About this Review

This sixth Annual Review of European Union (“EU”) Trademark Law contains highlights of European trademark cases of 2018 at both EU and national level. Matters relating to the unitary right of the EU Trade Mark (“EUTM”) are now governed by Regulation (EU) 2017/1001 of 14 June 2017, referred to in this Review as the “2017 EUTM Regulation.” Harmonized laws in respect of national trademarks within EU Member States are, as of January 15, 2019, determined by Directive (EU) 2015/2436 of 16 December 2015, referred to in this Review as the “2015 TM Directive.” Given the inevitable time lag between the introduction of the recast legislation and its determination in case law, most cases in this review therefore still refer to the predecessors of the current legislation in force, being Council Regulation (EC) No. 207/2009 (the “2009 EUTM Regulation”) and Directive 2008/95/EC (the “2008 TM Directive”). An introduction to the role of these instruments is contained in the introduction to Annual Review of EU Trademark Law: 2013 in Review,1 which also details the particular role played by the EU General Court and the Court of Justice of the European Union (“CJEU”).

As well as the above changes in law, this particular Review also marks a change in principal author and contributor, with thanks to Guy Heath for setting such a high bar for others to follow. This year also gratefully welcomes new contributions from Poland and Portugal.

Important cases in this review include, among others, the CJEU’s determination of (i) the interaction between color and shape in respect of “non-traditional” marks in *Louboutin*, (ii) the issue of evidence of acquired distinctive character within the European Union in *Kit Kat*, (iii) the question of use of a mark after its surrender in favor of seniority in Peek & Cloppenburg and (iv) the extent to which a proprietor may prevent the parallel trade of debranded goods in *Mitsubishi/Duma*. A number of CJEU decisions also considered the discretion of the EU Intellectual Property Office (“EUIPO”) and Boards of Appeal to consider evidence submitted in some way “out of time,” as well as the nature of appeals from the General Court to the CJEU.

The familiar issues of distinctiveness, descriptiveness, and genericism are all explored within this Review, together with topics such as trademark use, infringement, bad faith, practice and procedure, and jurisdiction.

Among the “national” decisions selected for consideration, 2018 provided a notable collection of cases relating to the extent to which

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exhaustion of rights may (or may not) prevent a trademark proprietor objecting to further commercialization of goods, after their first sale. A large number of cases determining issues of online trademark infringement may also be explained by the growing importance of the online environment as a trade channel.

Finally, of particular note in 2018 was the United Kingdom (“UK”) case and subsequent referral to the CJEU in _Skykick_. This case (along with the UK case of _Fidelis_, which considered similar issues before the same judge) raised the question as to whether a lack of intention to use an EUTM in respect of the entire specification might amount to bad faith and grounds for invalidity, as well as whether a registration in respect of “computer software” (or “financial services” in _Fidelis_) was insufficiently clear and precise to determine the extent of protection conferred by the trademark. The CJEU’s answer to these questions will be keenly awaited and no doubt feature in a future edition of this Review.

**B. Legislative Change and Terminology**

As with previous editions, there is some difficulty in making sweeping references to the relevant provisions of the Regulations governing EU law and the Directives governing national laws. This is mainly because the rulings reported in this Review are inevitably based on earlier iterations of the Regulations and Directives to those currently in force—as mentioned in last year’s edition, although the “new” 2015 Directive is now in force, the 2008 Directive that it replaces was only repealed with effect from January 15, 2019.

The new EU trademark regulation 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 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 directive. Extracts given at the beginning of each part in this year’s Review are now taken from the 2017 EUTM Regulation. The texts given at the beginning of each chapter continue to reflect the provisions of the 2008 TM Directive.
C. Organization of Material in this Review

The 2018 case reviews are arranged by theme with CJEU decisions appearing at the beginning, followed by the most significant national decisions (according to the authors and contributors in that jurisdiction). Each theme is contextualized with introductory comments and recurring statutory provisions. Each case note is introduced by an indication of whether the ruling is that of the CJEU, EU General Court, or national court, with an indication of the status of the relevant court concerned.

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

A. Introductory Comments

The first substantive part of this year’s review focuses on what are described in European law as “absolute grounds” of validity for trademark registration. Absolute grounds relate to the inherent characteristics of the trademark and the extent to which it can perform the essential function—to identify the exclusive origin of the goods or services for which registration is sought. Grounds for refusal of registration on the basis of absolute grounds may also form the basis for a later claim to invalidation, so cases in this section deal with analysis of both pre- and post-registration issues.

Strictly speaking, the consideration of absolute grounds is confined to Article 7 of the 2017 EUTM Regulation. However, the considerations of Article 4 of the 2017 EUTM Regulation are incorporated by Article 7 (1)(a) of the 2017 EUTM Regulation (and similarly Article 3(1)(a) of the 2008 TM Directive references Article 2 of the Directive). This is an area particularly affected by the recent legislative changes, as noted in Part B (Legal Texts) below.

The starting point for any consideration of registrability (or validity) is therefore whether the “sign” in question is something “of which a trademark may consist” within the bounds of EU law under Article 4 of the 2017 EUTM Regulation/Article 2 of the 2008 TM Directive. If it is not, a valid registration is impossible.

The “core” aspects of absolute grounds are effectively identical as between EU trademarks and national trademarks in EU Member States. The absolute grounds for refusal relating to EU trademarks are set out in Article 7(1) of the 2017 EUTM Regulation. The absolute grounds for refusal 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.

The first four absolute grounds for refusal of registration are, in general terms, (a) that the mark is not a sign capable of protection; (b) that the mark is not distinctive; (c) that the mark is descriptive; and (d) that the mark is generic. The last three of these grounds can,
in principle, be overcome by evidence that the trademark has acquired distinctiveness through the use made of it prior to the relevant date. The first cannot.

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 marks that contain certain geographical indications or designations of origin protected in the EU (see Part VIII of this Review).

Article 7(1) of the 2017 EUTM Regulation now also expressly provides for absolute grounds of refusal by reference to traditional terms for wine, to traditional specialties 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 cases selected for commentary reflect the diverse range of issues upon which absolute grounds objections may arise. The first case from the CJEU is the much-anticipated judgment in Louboutin as to whether a sign consisting of a color applied to the sole of a high-heeled shoe consisted exclusively of a “shape.” Other CJEU judgments in this section include the CJEU’s analysis of the consumer perception of the likely use of a sign as a surface pattern in footwear, the extent to which a sign must be “striking and unusual” to be capable of identifying origin, and the potential consequences for the unitary character of the EUTM when a national IPO and the EUIPO come to opposite conclusions as to consumer perception after viewing much the same evidence. Two contrasting decisions of the CJEU consider the allegedly descriptive nature of a sign in relation to geographical origin and other characteristics of the relevant goods and services.

In relation to decisions of Member State trademark courts, the latest round in the long-running “purple” trademark cases in the UK considers whether issues with the imprecise nature of a color mark and accompanying description could be fixed by designating them as marks in a series. Cases in Denmark and Spain considered the validity of marks that may have become commonly used as a category of goods and, accordingly, generic, and a Swedish case considered the potential difference in assessment of descriptiveness and distinctiveness as between the Trade Mark Directive and (harmonized) Swedish trademark law. Finally, a reference to the CJEU from the German Federal Supreme Court asks whether the distinctiveness of a trademark might depend upon the likely form of use of that sign.

The legal texts provided below include only the most relevant of the absolute grounds for refusal.
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 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 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;
(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.)
(...)
2. 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.
(...)
Note that Part (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
change was not intended to alter 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).)

C. Cases

1. EU—CJEU—Is the concept of “shape” within
the meaning of the 2008 TM Directive limited
solely to three-dimensional properties of a
product, or does it also cover other
characteristics such as color?

The decision of the CJEU in Christian Louboutin and Christian
Louboutin SAS v. Van Haren Schoenen BV 2 on June 12, 2018,
considers the relationship between color and shape, and the

2 Case C-163/16 (CJEU, June 12, 2018) (EU:C:2018:423).
The description of the mark read: “The mark consists of the colour red (Pantone 18-1663TP) applied to the sole of a shoe as shown (the contour of the shoe is not part of the trademark but is intended to show the positioning of the mark).” Registration was obtained in Class 25 for “High-heeled shoes (other than orthopaedic shoes).”

In May 2013, Christian Louboutin had initiated proceedings before the Rechtbank Den Haag (The District Court of The Hague, Netherlands) claiming that Van Haren had infringed the mark by the sale of high heeled shoes with a red sole, receiving default judgment in July 2013. Van Haren sought to challenge that judgment before the Rechtbank Den Haag, arguing that the mark at issue was invalid.

Among the grounds on which the invalidity application was argued were those under Article 2.1(2) of the Benelux Convention relating to marks consisting solely of a shape giving substantial value to the goods and the claim that the mark was a two-dimensional figurative mark consisting of a red-colored surface. The Rechtbank Den Haag considering the graphic representation and the description of the mark, concluded that the color red was “inextricably” linked to the sole of the shoe and the mark could therefore not be regarded as a two-dimensional figurative mark. The fact that the specification stated “the contour of the shoe does not form part of the mark” also did not reduce the mark to a two-dimensional mark and was intended instead to show the positioning of the mark. Having regard to consumer perception (in autumn 2012), it was found that “a significant proportion of consumers of women’s high-heeled shoes in the Benelux States was able to identify [Christian Louboutin] shoes as goods originating from that producer and was thus able to distinguish them from women’s high-heeled shoes [from] other undertakings.” As a result, the Rechtbank Den Haag considered the red sole as giving substantial value to the shoes since the color formed part of the appearance and played an important role in consumers’ decision to purchase them.
Since the mark at issue consisted of a color that was applied to the sole of a shoe and was thus also an element of the product, the question arose as to whether the exception set out in Article 3(1)(e)(iii) of the 2008 Directive applied to that mark. In particular, whether the concept of “shape,” within the meaning of that provision, was limited solely to three-dimensional properties of a product, such as its contours, measurements, and volume, or whether that concept also covers properties that are not three-dimensional. Accordingly, the Rechtbank Den Haag stayed the proceedings and referred the following question to the CJEU:

Is the notion of “shape”, within the meaning of Article 3(1)(e)(iii) of [the 2008 TM Directive] (respectively referred to in the German-, [Dutch-] and French-language versions of [that directive] as “Form”, “vorm” and “forme”), limited to the three-dimensional properties of the goods, such as their contours, measurements and volume (expressed three-dimensionally), or does it include other (non-three-dimensional) properties of the goods, such as their colour?

The CJEU held that, absent any definition of the concept of “shape” in the Directive, the meaning of that concept must be determined by considering its ordinary, everyday meaning. A color, without any sets of lines or contours, would not, within the usual meaning of the word “shape,” be considered as such. A mark, such as the mark in question, cannot, in any event, be regarded as consisting “exclusively of a shape,” where the main element of the mark is a specific color, designated by an internationally recognized identification code. The fact that the shape of the product or a part of the product plays a role in creating an outline for the color, did not mean that the mark comprises that shape, where the registration of the mark did not seek to protect the shape.

2. EU—CJEU—Does a mark lack distinctive character where there is inherent probability that it will be used as a surface pattern and be “indissociable” from the appearance of the goods concerned?

*Birkenstock Sales Gmbh v. EUIPO* considered the appeal to the CJEU by the well-known shoe manufacturer Birkenstock. The appellant had applied for an international WIPO registration designating the EU (among others) for the figurative mark represented below.

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4 This provision is now found at Article 4(1)(e)(iii) of the 2015 TM Directive. This provision has been amended to include signs that consist exclusively of “the shape, or another characteristic, which gives substantial value to the goods.”

The goods for which registration was sought relate to Classes 10 (medical, surgical, dental, and veterinary instruments), 18 (leather and imitations of leather) and 25 (walking sticks, orthopaedic shoes, inner soles, foot and shoe inserts, shoe components, and shoe fittings). In 2012, the examiner refused registration of the mark in the EU on the grounds of a lack of distinctive character for all the goods concerned for the purposes of Article 7(1)(b) of the 2009 EUTM Regulation.6 A year later, the Examination Division of the EUIPO upheld the total refusal on the same grounds.

In 2014, the First Board of Appeal of the EUIPO7 considered that the sign would be perceived as representing a surface pattern. The Board of Appeal commented that it is well-known that such patterns are for enhancing aesthetic appearance and/or for technical reasons and that average consumers did not usually presume commercial origin of goods on the basis of signs that are indissociable from the goods themselves. Such signs would have distinctive character for the purposes of Article 7(1)(b) only if they departed significantly from the sectoral standard or usual practices. The Board considered the overall impression to be banal and not to depart significantly, or even at all, from the usual practices. Accordingly, the relevant public would not view the pattern as an indication of any particular commercial origin.

In support of its action before the General Court,8 the appellant argued that the Board had unjustifiably expanded the sign by asserting that it could be reproduced and continued, which did not represent its registered form. The General Court held that it was necessary to consider the nature of the goods for which registration

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6 This provision is now found at Article 7(1)(b) of the 2017 EUTM Regulation.
was sought in order to determine whether the sign may be likely to be perceived as a surface pattern in respect of those products. The General Court found that in relation to “artificial limbs, eyes and teeth,” “suture materials; suture materials for operations,” and “animal skins, hides,” the Board of Appeal had relied on incorrect examination criteria and that it was necessary to annul the decision in respect of those goods.

Before the CJEU, the appellant argued that the General Court incorrectly used the criterion of a mere “possibility” that the sign might be used as a surface pattern as a relevant criterion for the applicability of the case law relating to signs that are indissociable from the appearance of the goods. As such, the General Court’s criterion imposed a more restrictive requirement on figurative marks made up of a series of elements. Citing Deichmann, the appellant argued that the Court had, in effect, held that it is necessary for the use of the sign concerned as a surface pattern to be “the most likely” use.

The CJEU reiterated that distinctive character must be assessed by reference to the products or services in respect of which registration is sought and by reference to the relevant public’s perception of the mark. The General Court was entitled to recall that the average consumer’s perception is not necessarily the same in the case of three-dimensional marks or figurative marks and therefore it could prove more difficult to establish distinctiveness of such marks. The key question was whether the sign is “indissociable” from the appearance of the product. The General Court had correctly emphasized that a mark fulfils its essential function of indicating origin and demonstrates inherent distinctive character only if it departs significantly from the norm or customs of the sector.

The CJEU held that the General Court had not erred in law by using the criterion of the possible, and not unlikely, use of the sign at issue as a surface pattern in light of the nature of the goods concerned. Distinguishing Deichmann, which concerned a sign representing a curved band with dotted lines, the present case concerned the registration of a sign made up of a repetitive sequence of elements. The criterion of “the most likely use” was irrelevant in the present case given that the case that gave rise to that order did not concern the registration of a sign made up of a repetitive sequence. The CJEU stated: “there is an inherent probability that a sign consisting of a repetitive sequence of elements will be used as

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10 Develey v. OHIM, Case C-238/06 (October 25, 2007) (EU:C:2007:635), and Audi v. OHIM, Case C-398/08 P (January 21, 2010) (EU:C:2010:29).
a surface pattern and thus will be indissociable from the appearance of the goods concerned."

Citing *Mag*¹³ and *Lindt*,¹⁴ the appellant also argued that the General Court neglected to establish the standards and usual practices of the sector concerned for *each* category of goods covered by the sign in order to examine distinctive character for the purposes of Article 7(1)(b). The CJEU considered that the General Court had carried out that analysis for each category of goods concerned and assessed, according to the standards or usual practices of the sector concerned, whether or not it was unlikely that those goods would display a surface pattern. The CJEU referred to the General Court’s finding that the sign at issue was a simple pattern and was not, as the appellant argued, already unusual when taken in isolation. In such circumstances, the CJEU considered that the General Court could not be criticized for not having determined the standards and usual practices of the sectors concerned when assessing the distinctive character of the sign. Furthermore, in trying to contest the overall impression produced by the sign, which the General Court had held to be banal, the appellant was questioning a finding of fact that was inadmissible by way of appeal.

3. **EU—CJEU—Is it necessary for a sign to look striking or unusual to enable the relevant public to identify the origin of the goods or services?**

In *Senetic SA v. EUIPO* (Case C-408/18 P), the CJEU considered an appeal from the General Court¹⁵ relating to invalidity proceedings against a figurative mark. In September 2009, Hewlett Packard Group (“HP”) sought registration for a figurative sign containing the letters “hp” in white placed inside a dark grey circle in Classes 2, 7, 9, 16, 35 to 38, and 40 to 42. In January 2015, the appellant filed an application for a declaration of invalidity, which was dismissed by the Cancellation Division of the EUIPO in April 2016. The Fifth Board of Appeal and the General Court agreed with this assessment.

The General Court held that the Board was correct in finding that the invalidity challenge failed—the appellant had failed to establish a sufficiently direct and specific relationship between the trademark at issue and the goods and services covered; that the challenged mark had a minimum degree of distinctiveness capable

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of performing the essential function to identify origin; and that the appellant had failed to demonstrate bad faith on the part of HP.

The CJEU endorsed the Advocate General’s account of the Board of Appeal’s and General Court’s findings. An EU trademark is to be declared invalid where it has been registered contrary to Article 7 of the 2009 EUTM Regulation. Signs and indications that fall within Article 7(1)(c) of that regulation are those that may serve in normal usage from the point of view of the target public to designate the goods or services in respect of which registration is sought. The evidence put forward by the appellant in the proceedings was manifestly irrelevant as it concerned combinations of letters other than those used in the mark at issue. Merely indicating the letters “hp” corresponded in the financial services sector to “hedge process” was not sufficient of itself to establish that the challenged mark had a descriptive character and lacked distinctiveness. The appellant had failed to establish a sufficiently direct and specific relationship between the mark and goods or services covered to establish invalidity. The appraisal of these facts and the re-assessment of that evidence did not, save where facts and evidence are distorted, constitute a point of law subject to review by the CJEU.17

The appellant also argued that the General Court erred in concluding that it was obliged to prove that figurative elements of the trademark were descriptive and rather, it was sufficient for the appellant to demonstrate that the figurative elements would not change the public’s perception of the trademark as lacking in distinctive character. As such, the General Court was wrong to conclude that because the trademark at issue is not descriptive within the meaning of Article 7(1)(c) of the 2009 EUTM Regulation, it must be regarded as having a minimum degree of distinctiveness. The CJEU dismissed the appellant’s second ground of appeal.

The General Court correctly set out its approach to assessing distinctive character, which includes reference to the product or services in respect of which registration is sought and that a minimum degree of distinctiveness is sufficient for the purposes of Article 7(1)(b). It is not necessary for a sign to look striking or unusual; it must merely be capable of enabling the relevant public to identify the origin of the goods or services covered by the mark. The combination “hp” was not commonly used, nor perceived simply as an indication lacking in distinctive character. Rather “hp” can be understood by the relevant public as reference to the names Hewlett and Packard, the surnames of the founders of the company and therefore “hp” was capable of performing the essential function of a trademark.

16 This provision is now found at Article 7(1)(c) of the 2017 EUTM Regulation.
In relation to bad faith, the General Court had correctly set out the basis of invalidity under Article 52(1)(b) of the 2009 EUTM Regulation in relation to where an applicant acts in bad faith at the time of filing. The registration system rests on the “first to file” principle, as laid down in Article 8(2) of the 2009 EUTM Regulation. The burden of proof in each case rests upon the appellant in invalidity proceedings as at the time of filing. Bad faith must be assessed according to the knowledge of the applicant; whether he knows that a third party is using the sign; whether his intention is to prevent a third party from continuing to use the sign; and the degree of legal protection enjoyed by the third party’s sign. As a finding of fact, which could not be contested in the CJEU, the General Court had found that the appellant had failed to produce any evidence of bad faith on the part of HP. No evidence demonstrated objective circumstances in which HP knew of third parties using or attempting to market products with similar or identical marks.

4. EU—CJEU—Do differences in treatment of evidence in absolute grounds analysis between a national IPO and the EUIPO offend the principle of the unitary character of an EUTM?

The ruling of the CJEU in *Apcoa Parking Holdings v. EUIPO*, considers the appeal by Apcoa Parking Holdings (“Apcoa”) to set aside the decisions of the Fourth Board of Appeal of EUIPO and of the General Court in relation to Apcoa’s application for the registration of the word mark PARKWAY and the figurative mark shown below:

![PARKWAY](image)

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18 This provision is now found at Article 8(2) of the 2017 EUTM Regulation.
19 Case C-32/17 (June 6, 2018).
The goods for which registration was sought related to a variety of services in Classes 35, 36, 39, 42, and 45, all of which related, directly, or indirectly, to the provision of services associated with parking facilities.

In July 2014, the examiner rejected the applications for registration of the marks in the EU on the grounds of a lack of distinctive character for all the goods concerned pursuant to Article 7(1) (b) and (c) and Article 7(2) of the 2009 EUTM Regulation.\(^\text{22}\) In particular, he indicated that the term “parkway” meant “a railway station with ample parking” that was “likely to be understood by the English-speaking consumer of the Union as referring to a large car park near a station.” Noting that the relevant services all related to parking, the examiner held that the marks were descriptive and devoid of distinctive character. A year later, following an appeal by Apcoa, the Fourth Board of Appeal of EUIPO upheld the refusal on the same grounds and further commented that regarding the figurative mark, the graphic configuration of the mark did not confer any distinctive character on the sign in question.

Appealing this time to the General Court of the CJEU, Apcoa sought the annulment of the decisions alleging first, an infringement on the part of the Board of Appeal of Articles 7(1) (b) and (c) of the Regulation (the Board of Appeal had based its decision on an incorrect interpretation of the term “parkway”) and second, that the marks in question possessed a distinctive character sufficient for registration. The General Court dismissed Apcoa’s claims in their entirety and confirmed that the absolute grounds for refusal provisions did not permit the registration of the marks applied for.

Before the CJEU, Apcoa advanced their case on a number of legal grounds of appeal, but central to their position was an argument that the perception of the English-speaking public would not, in fact, see the mark as lacking in distinctive character, since the marks at issue had already been registered before the UKIPO. Among other arguments, Apcoa argued that the General Court’s decision was contrary to EU law as the General Court had failed to take into account important factual circumstances. Apcoa argued that the General Court incorrectly assumed that, for the relevant public in the United Kingdom, the term “parkway” meant a parking area at a railway station and in doing so overlooked the decision of the UKIPO that had already rejected this presumption and had accepted the registration of the marks. Apcoa contended that while the General Court was not bound by the decisions of national systems, failing to assess all relevant factual circumstances constituted an error in law. Further, Apcoa argued that in relation

\(^\text{22}\) These provisions are now found at Articles 7(1)(b) and (c) and Article 7(2) of the 2017 EUTM Regulation.
to the figurative mark, the General Court failed to take account of
the information provided to it in a document labelled “Annex A7,”
which indicated that the combination of colors and symbols
associated the relevant services to sustainable development.
Finally, Apcoa claimed that the General Court had distorted certain
facts by incorrectly citing two dictionary definitions of the term
“Parkway” from sources also reviewed by the UKIPO, which
conversely concluded that the meanings listed in the dictionaries
did not preclude protection of the term as a trademark. In coming to
the opposite conclusion to the UKIPO, the General Court had
infringed the principle of the unitary character of the European
Union trademark.

Rejecting Apcoa’s appeal, the CJEU cited Rivella International v. OHIM,²³
in which the CJEU confirmed that the European Union
trademark system is independent of Member State registries and is
not bound by decisions made at national level. The CJEU therefore
rejected Apcoa’s argument that the General Court had infringed EU
law. Furthermore, the CJEU observed that neither Annex A7 nor
any other documents provided by Apcoa focused on the origin and
the meaning of the figurative mark so as to allow the CJEU to
review the General Court’s alleged failure to take into account facts
contained in the document. Accordingly, this argument was
regarded as inadmissible. Dismissing Apcoa’s third ground of
appeal as “unfounded,” the CJEU observed that the General Court
could not be criticized for misrepresenting the definition of the term
“Parkway” since the definition, as interpreted by the General Court,
was one relied upon by Apcoa in its appeal. Moreover, the CJEU
noted that Apcoa intended to question the factual assessments made
by the General Court in this regard, such an argument being
inadmissible in an appeal. Finally, the CJEU rejected Apcoa’s
fourth ground of appeal confirming that the principle of the unitary
character of the European Union trademark does not require that a
mark that has been registered in one or more Member States be
registered at Union level, re-emphasizing the autonomous character
of the EU trademark system. The CJEU therefore concluded that
Apcoa’s appeal must be dismissed in its entirety, as the marks in
question did not, for the purposes of EU law, possess a distinctive
character sufficient for registration.

5. EU—CJEU—Was an EUTM relating to a tourist attraction lacking distinctiveness and descriptive as to the geographical origin and other characteristics of the goods and services?

Bundesverband Souvenir v. EUIPO\(^{24}\) concerned the registration of the EU word mark NEUSCHWANSTEIN by Freistaat Bayern for goods and services in a variety of classes, granted on December 12, 2011. “Neuschwanstein” literally means “new swan stone” and is the name of a castle in Bavaria, Germany. The appellant, Bundesverband Souvenir, filed a declaration of invalidity under Article 52(1)(a) of the 2009 EUTM Regulation,\(^{25}\) read in conjunction with Article 7(1)(b) and (c), on the basis that the mark is devoid of distinctive character and is descriptive and, under Article 52(1)(b),\(^{26}\) on the basis that the mark was filed in bad faith.

The Cancellation Division rejected the application for a declaration of invalidity, concluding that the contested trademark does not consist of indications that might serve to designate the geographical origin or other inherent characteristics of the goods and services concerned, so was not contrary to Article 7(1)(c). In addition, as the trademark was held to be distinctive, no objection lay under Article 7(1)(b) either. The Cancellation Division also held that the claim of bad faith had not been proven, so there was no issue with Article 52(1)(b). The Board of Appeal\(^{27}\) of the EUIPO subsequently confirmed the Cancellation Division’s decision to reject the application for a declaration of invalidity.

Bundesverband Souvenir further appealed to the General Court on the same grounds. The General Court\(^{28}\) dismissed the appeal in its entirety. The appellant went on to appeal to the CJEU raising the same three grounds in support of its appeal.

In relation to Article 7(1)(c), the appellant argued that the General Court had been incorrect in its finding that the degree of attentiveness among the relevant consumer was higher for the goods in Class 14 (on the basis that such goods are comparatively expensive), since such goods are also available at “very reasonable prices.” The General Court had also been incorrect to find the name “Neuschwanstein” was original and colorful. The General Court had also contradicted itself by both acknowledging that Neuschwanstein Castle was “geographically locatable” and yet would not be regarded as a geographical location. Finally, the General Court had erred in

\(^{24}\) Case C-488/16 (September 6, 2018).

\(^{25}\) This provision is now found at Article 59(1)(a) of the 2017 EUTM Regulation.

\(^{26}\) This provision is now found at Article 59(1)(b) of the 2017 EUTM Regulation.

\(^{27}\) Fifth Board of Appeal of the EUIPO, Case R 28/2014-5 (January 22, 2015).

stating that Neuschwanstein Castle was first and foremost a museum, since the importance of a museum is assessed by reference to the objects exhibited there, whereas the public visits a castle in order to admire its unusual architecture.

Given that the CJEU may only hear an appeal on points of law, it rejected Bundesverband Souvenir’s arguments as inadmissible on the basis that the appellant was seeking a new appraisal of the facts. The appellant had also claimed that the General Court failed to have regard to the public interest underlying Article 7(1)(c), by finding that Neuschwanstein Castle is not, as such, a place where goods are produced and services rendered, so could not be descriptive of geographical origin.

In examining the purpose of Article 7(1)(c), the CJEU stated that none of the classes for which the mark is registered cover what might be described as “souvenir items.” Consequently, the General Court was fully entitled to consider that the goods and services covered by the contested trademark to be everyday consumer goods and services facilitating the management and operation of the castle. There was no evidence that these everyday goods and services have any particular characteristics or specific qualities for which Neuschwanstein Castle would be known and the mere fact that the goods are sold as souvenirs is irrelevant to the assessment of descriptiveness: “the souvenir function ascribed to a product is not an objective characteristic inherent to the nature of that product.”

Affixing that name on the goods concerned might enable the relevant public to regard such “everyday consumer goods” also as souvenir items but that does not, in itself, mean that affixation equates to an essential descriptive characteristic of those goods.

In relation to the appellant’s argument that the name “Neuschwanstein” is descriptive of geographical origin, the CJEU held that “the mere fact that those goods and services are offered in a particular place cannot constitute a descriptive indication of the geographical origin of those goods and services, in so far as the place where those goods and services are sold is not capable, as such, of designating characteristics, qualities or distinctive features connected with the geographical origin.” Neuschwanstein Castle is not famous for its souvenir items or services but for its unusual architecture. Moreover, none of the services covered by the contested mark were directly offered onsite at Neuschwanstein Castle.

As such, the General Court had applied the law properly in finding that Neuschwanstein Castle is not, as such, a place where

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29 Bundesverband Souvenir—Geschenke—Ehrenpreise v. EUIPO, Case C-488/16P (CJEU, September 6, 2018) (EU:C:2018:673), para. 44.
30 Id. at para. 50.
goods are produced or services rendered and that the mark could not be indicative of the geographical origin of the goods and services it covers. The appeal on the basis of Article 7(1)(c) failed accordingly.

In relation to the assessment of distinctive character under Article 7(1)(b), the appellant argued that the General Court had only assessed distinctive character in the context as to whether affixing the name “Neuschwanstein” on the goods and services concerned enabled them to be distinguished from those sold or provided in other commercial or tourist areas. The appellant also claimed that the General Court used circular reasoning when it stated that the name designated not only the castle in its capacity as a museum location but also the contested trademark itself. The appellant also argued that the General Court should have taken into account the order of the Bundesgerichtshof (the Federal Court of Germany) which had cancelled the registration of NEUSCHWANSTEIN as a national trademark on March 8, 2012.

The CJEU interpreted the appellant’s arguments as a general claim that the General Court had failed to provide adequate reasons for its assessment of the distinctive character and dismissed them in their entirety.

The CJEU found that the General Court had correctly examined the goods and services covered by the mark, assessed the word element constituting the contested trademark, and took the view that it is a fanciful name that had no descriptive relationship with the goods and services concerned. As for the “circular” argument, the CJEU held that the finding of the General Court that the mark is not descriptive does not prejudge the distinctive character of that mark but, rather, it is a necessary condition for constituting a mark that has distinctive character. It is precisely because of the contested trademark’s lack of descriptive character that it is open to an entity, such as Freisaat Bayern, to apply for the name of the museum location to be registered as an EU trademark. The General Court was not required to take the German court’s order into consideration, as the EU trademark system is an autonomous system with its own set of objectives and rules, applied independently to national trademarks.

The CJEU also dismissed the final ground of appeal based upon bad faith under Article 52(1)(b), finding that the appellant’s submissions amounted to an attempt to introduce new evidence and an incorrect reading of the relevant case law. The appeal was accordingly dismissed in its entirety.
6. EU—CJEU—Should a trademark be refused registration where it consists of a geographical name and a term commonly used to designate facilities or sites in which such products are made?

The CJEU’s judgment in J. Portugal Ramos Vinhos SA v. Adega Cooperativa de Borba CRL\(^{31}\) concerned the Supreme Court of Portugal’s request for a preliminary ruling as to the interpretation of Article 3(1)(c) of the 2008 TM Directive\(^{32}\) and the Portuguese law equivalent in Article 223 of Código da Propriedade Industrial (Industrial Property Code) (“CPI”).

The case concerned the action for annulment of the registration of the trademark, “adegaborba.pt” (“the mark at issue”), of which Adega Cooperativa de Borba (“Adega”) is the proprietor. The applicant brought an application for cancellation of the registration by Adega of the mark at issue, which it argued designated wine products.

The action was dismissed by the Tribunal da Propriedade Intelectual at first instance (Intellectual Property Court, Portugal) and again, on appeal, by the Tribunal da Relação de Lisboa (Lisbon Court of Appeal). Both courts agreed that the sign, when adopted by a producer from the Borba (Portugal) region, did not fall within the scope of Article 223(1)(c) of the CPI. The Lisbon Court of Appeal held that the term “adega” was a distinctive term in the wine sector, designating wines coming from its producer. J. Portugal appealed to the referring court, the Supremo Tribunal de Justica (Supreme Court, Portugal) who sought to determine the distinctive character of the mark at issue.

The referring court noted that the mark was used by a legal person, Adega, whose name is thus included in the sign. Article 223(1)(c) of the CPI refers to indications designating the “means of production” of the goods, while Article 3(1)(c) of the 2008 TM Directive does not explicitly refer to the same but does mention “other characteristics” of the goods that can be regarded as descriptive of them. The referring court, therefore, asked whether Article 3(1)(c) must be interpreted to refuse registration of the mark at issue that designates wine products and includes a geographical name on the basis that that the term is commonly used to designate facilities or sites in which those products are produced and is also one of the word elements making up the business name of the legal person seeking to register that trademark.

The CJEU recalled that the aim of Article 3(1)(c) is to pursue an aim in the public interest to refuse registration of signs that may be

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\(^{31}\) Case C-629/17 (December 6, 2018).

\(^{32}\) This provision is now found at Article 4(1)(c) of the 2015 TM Directive.
freely used by all, including as collective trademarks or as part of composite or graphic trademarks.33 These signs and indications are thus only those that may serve in normal usage from a consumer’s point of view, to designate either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought. Hence, those terms must all be regarded as characterizing the goods or services. The court stated that this list is not exhaustive, since any other characteristics of the goods or services may also be taken into account.34 The CJEU reasoned that the legislature’s use of the word “characteristic” highlights the fact that the signs referred to in that provision are merely those that serve to designate property, easily recognizable by the relevant class of persons, of the goods or services in respect of which registration is sought. Hence, a sign can be refused registration on the basis of Article 3(1)(c) only if it is reasonable to believe that it will actually be recognized by the relevant class of persons as a description of one of those characteristics.35

The CJEU sought to apply the above law in stating that “adega” has two meanings in Portuguese: first, it corresponds to underground premises in which wine in particular is kept, and, second, it refers to premises or facilities in which wine products and wine itself are produced. The CJEU held that where a term refers to the place of production of a product, such as wine, or to a facility in which it is produced, it is, in principle, an indication that may serve to designate a property of those goods, easily recognizable by the relevant class of persons. The relevant class of persons will perceive the term “adega” to be a reference to a facility in which wine is produced and stored. It is therefore a reference to properties of those goods, as is geographical origin or the time of production of the goods, as mentioned as an example in Article 3(1)(c) of the 2008 TM Directive. The term therefore in part designates a facility constituting a characteristic of the goods that is a descriptive term, and in part constitutes a geographical origin (“Borba”). The sign composed of those elements must be considered to be of a descriptive character and, as such, devoid of any distinctive character.

In relation to Adega’s submission that its mark is part of its corporate name, the CJEU held that this was irrelevant for the purposes of examining descriptive character in the examination of

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35 See, to this effect, the judgment of BSH v. OHIM, Case C-126/13 P, not published (CJEU, July 20, 2004) (EU:C:2014:2065), para. 22.
the goods for which registration was sought and the relevant public’s perception of the mark.36

It followed, therefore, that in answer to the question referred, a trademark consisting of a word sign designating products and including a geographical name must be refused registration where that sign contains, in particular, a term that is commonly used to designate facilities or sites in which such products are produced. This is regardless of whether one of the word elements contains the business name of the legal person seeking to register that mark.

7. UK—Court of Appeal—Can invalidity arising from issues of clarity and precision in the description of a color mark be fixed by characterizing the marks as part of a series?

_Cadbury UK Limited v. The Comptroller General of Patents Designs and Trade Marks_37 raised the principal issue of whether it is open to the UK Registrar of Trade Marks (the registrar) to accept an application to alter a registered trademark so as to delete a part of its description that had been held to render it invalidly registered.

_Cadbury_ has for a long time promoted its chocolate bars using a particular purple color on its packaging in Pantone shade 2685C:

![Image of Cadbury chocolate bar packaging with purple color](image)

In May 1995, Cadbury filed a trademark application, which ultimately became a registered trademark, numbered 2020876A (the 876 mark), in November 1998. The 876 mark was registered with the following description: “The mark consists of the colour purple as shown on the form of application, applied to the whole visible surface, or being the predominant colour applied to the whole visible surface, of the packaging of the goods.” During the application process, Cadbury did not specify that the mark was intended to be a series of marks.

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37 [2018] EWCA Civ 2715 (December 5, 2018).
In 2013, in separate proceedings relating to a similar later color trademark with the same description, it was held that such a mark was invalid because the wording opened the door to “a multitude of different visual forms” such that the mark applied for was not a “sign” and it lacked the required clarity, precision, self-containment, durability, and objectivity to qualify for registration.

In light of this decision, Cadbury applied to amend the 876 mark. It claimed that the registration encompassed two marks as part of a series, namely (a) the color purple applied to the whole visible surface of the packaging and (b) the color purple being the predominant color applied to the whole visible surface of the packaging. Cadbury applied to delete (b) from its supposed series of marks, while retaining (a).

In October 2014, the registrar rejected Cadbury’s application to delete the predominant color wording from the description of the 876 mark. The registrar did not accept that the existence of the two alternatives in the description meant that registration constituted a series. Furthermore, the request offended section 44 of the Trade Marks Act 1994 (the Act), which prohibits alterations to registered trademarks except in very limited circumstances.

Indeed, prior to registration, under section 39(1) of the Act, the applicant is entitled to make amendments only to its name or address; correct obvious errors; or restrict (and not extend) the specification covered by the application. Following registration, alteration of a mark is curtailed even further under section 44. Section 44(1) maintains that a trademark shall not be altered during the period of registration except to allow the alteration of a registered mark where the mark includes the proprietor’s name and address and the alteration is limited to the alteration of that name or address (without substantially affecting the identity of the mark).

Cadbury appealed the matter to the High Court, which dismissed the appeal on April 18, 2016. Cadbury appealed again to the Court of Appeal, which is the present case.

Cadbury’s primary contention was that the registration is properly understood as a series of two marks, one defined by the whole surface wording and one defined by the predominant color wording. The registrar and intervener, Nestlé, argued that there is a single mark with an insufficiently defined and flawed description.

The Court of Appeal held that the fact that Cadbury’s application did not specify that it was intended to be a series of marks was not a determinative factor. The registrar still has the power to designate a mark as a series.

The principal issue was one of interpretation of the registration, as it appears on the register. In particular, is the 876 mark a single

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mark with an imprecise (and unacceptable) description, or is it a registration of two or more marks forming a series? The Court noted that if the mark was a single mark, then it would not be possible to make the amendment sought by Cadbury because it goes beyond the permissible amendment under section 44 of the Act. If the 876 mark was a series, then the deletion was potentially permissible.

The Court’s starting point was the description of the mark on the register: “The mark consists of the colour purple . . .” This use of the singular implied an attempt to register one mark, not a series. The only wording in the description that pointed toward a series of marks was the inclusion of the word “or.”

The Court of Appeal held that Cadbury’s argument placed too much weight on the word “or.” Rather than describing two alternatives, the wording describes a spectrum of different uses of the color, at one end of which is the extreme where no other color is visible (i.e., the whole visible surface).

Cadbury’s argument for two marks was therefore not accepted. The predominant color wording would cover a multitude of different signs such that “the registrar has allowed registration not of a series consisting of two marks but a series consisting of an unknown number of marks.”39 The alternatives in the description were simply “parts of a generalised but imprecise description of a single mark.”40

The registration could not meet the requirements of a series mark. Section 41(2) of the Act requires marks in a series to “resemble each other as to their material particulars and differ only as to matters of a non-distinctive character not substantially affecting the identity of the trade mark.” The 876 mark, in contrast, covered uses of the color purple in “extravagantly different ways. . .[including] stripes, spots, a large central blob, or in any other form,”41 which could never satisfy the requirements of section 41(2).

The 876 mark was therefore held to be a single mark, and, as a result, the amendment sought was impermissible. The Court expressed some sympathy for Cadbury, which had followed guidance from the registry at the time of filing in relation to color marks. However, allowing the mark to be construed as a series would have had potentially far-reaching consequences for trademark examination. If an applicant wishes to apply for a series of marks, then the onus is on the applicant to clearly define the monopoly sought.


\[40\] Id.

\[41\] Cadbury UK Limited v. The Comptroller General of Patents Designs and Trade Marks [2018] EWCA Civ 2715 (December 5, 2018), para. 54.
8. Denmark—Danish Maritime and Commercial High Court—Does the use of a term denote a trademark or a product to the average consumer?

On March 28, 2018, the Danish Maritime and Commercial High Court delivered its judgment in an infringement claim brought by Panzer Glass A/S against TM Trading IVS. The key issue in the case was whether the registered trademark PANZER GLASS had become synonymous with the product category for which it was registered and hence lost its distinctiveness. Was the mark now a generic term for screen protectors for mobile phones, tablets, and laptops?

The Danish company Panzer Glass A/S (“PG”) had been developing and selling screen protectors for mobile phones, tablets, and laptops for many years. In 2013, PG had obtained registration for an EUTM for PANZER GLASS (word) in Classes 9 and 35. The Class 9 specification was for: “Protective cases and shields for laptops, mobile telephones, smartphones, Internet phones and tablets, none of the aforementioned goods are made of glass.”

TM Trading IVS (“TMT”) marketed and sold screen protection products for mobile phones and tablets. TMT marketed the products on its website www.panzerscreen.dk by using the terms “PanserGlas,” “panserglas,” “PanzerGlas,” “Panzerglass,” and “Panzerglasset.” PG claimed that the use of those signs infringed PG’s EUTM for PANZER GLASS.

TMT did not defend the infringement claims in respect of “PanzerGlas,” “Panzerglass,” and “Panzerglasset,” but submitted that the words “PanserGlas” and “panserglas” were non-distinctive, generic words for screen-protection products. TMT also cited the refusal of the Danish Patent and Trademark Office to allow PG’s application for registration of PANSERGLAS as a trademark for goods in Class 9, finding that the word was generic for protective screen products. TMT did not seek cancellation of PG’s EUTM PANZER GLASS on grounds of a lack of distinctive character. Instead, TMT argued that there was no likelihood of confusion between the words “PanserGlas” or “panserglas” and PG’s trademark PANZER GLASS.

PG gave evidence to demonstrate that they regularly monitored the Danish market for possible trademark infringements and enforced their trademark rights when third parties used identical or confusingly similar signs to PANZER GLASS. PG was able to establish that they had successfully enforced their rights against a large number of traders offering protective screen products on the Danish market by using the sign “panserglas,” making them cease and desist such marketing. PG had also contacted Gyldendal, one of

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the largest publishers in Denmark. Gyldendal had included the word “panserglas” in their dictionary as a synonym for “protective screen products for mobile phones and tablets.” Upon PG’s request, Gyldendal decided to remove the synonym and the explanatory text from the dictionary.

The efforts taken by the proprietor to avoid the trademark PANZER GLASS falling into generic (and unchallenged) use were a key aspect to the ruling in favor of PG by the Danish Maritime and Commercial High Court. However, the Court emphasized that its ruling was given on the basis that there was no formal invalidity action raised against the EUTM on the case as pleaded. In respect of the infringement claim, the Court held that the signs “PanserGlas” and “panserglas” were confusingly similar to PANZER GLASS and hence infringing (although the judgment contains no detailed assessment of the signs and goods in question). The case demonstrates that invalidity based on a lack of distinctive character must be specifically pleaded and the outcome of this case may well have been different if TMT had simultaneously requested cancellation of PG’s EUTM PANZER GLASS. The court made no specific comments on the scope of protection and level of distinctiveness of PG’s EUTM PANZER GLASS.

9. Germany—Federal Patent Court—In the assessment of the descriptive nature of a sign in a “foreign language” is the relevant perception that of the general public or of “expert” circles in trade?

In its decision of February 1, 2018, the Federal Patent Court of Germany held that when assessing the distinctiveness of a foreign descriptive indication, the language skills of the “domestic expert circles” are critical, not those of the general public.

The case relates to a national trademark application in Germany, filed for the Russian word “Национальное достояние” for goods in Classes 29 to 33. The sign equates to the words “national good.” The German PTO had refused to register the sign, as it considered it descriptive of the goods concerned. It found that the sign was perceived as an indication that the goods were traditional food products or products made on the basis of original recipes. It assumed this to be the perception at least of a relevant part of the domestic business circles, namely ethnic German repatriates and other immigrants from the former Soviet Union (1,213,000 people in 2012).

Upon appeal, the Federal Patent Court confirmed the PTO’s decision with regard to Classes 29, 31, 32, and 33. In an approach

43 Case No. 28 W (pat) 529/17 (February 1, 2018).
that differed from that of the PTO, it did not take the Russian speaking part of the German population into account, but rather those domestic expert circles that take part in international trade. With respect to those circles, the Patent Court assumed that they are able to understand terms of foreign languages that are clearly descriptive, if the language is spoken in a country that has trade relations to Germany in the industry concerned. As Germany has trade relations with Russia in the food sector, the court took it for granted that the trade circles involved in that sector would understand the inherent meaning of the term “Национальное достояние.”

The most interesting aspect of this decision is that it establishes an interpretation of descriptiveness as a ground of refusal for trademark applications, the introduction of which (into the German Trademark Act) had been discussed, but discarded, during the preliminary stages of the implementation of the 2015 EU Directive on the further harmonization of the trademark law of the EU Member States. Although word marks are now precluded from registration as an EU trademark if the word is descriptive in one of the many languages of the EU, it was previously discussed in Germany that the same should apply on a national level. This would prevent foreign descriptive terms from being registered as trademarks, which might otherwise be used to prevent imports of the goods concerned from countries of the respective language. Such a situation had been the effect experienced by the Matratzen Concord decision of the Court of Justice of the EU.44

As a respective interpretation of descriptiveness as a ground of refusal for trademark applications would have obliged the examiners of the PTO to review each word mark under all EU languages, the German legislator elected not to implement such an interpretation. However, this outcome may now have been introduced “via the back door” of case law, since the specifications of goods for which registration are sought are usually kept rather general, which combined with increasingly globalized trade means there are very few industries (and territories) with which Germany does not have trade relations. The approach of the Federal Patent Court suggests that the previous practice of examining whether the number of people who were likely to understand the foreign language could be considered substantial as grounds for refusal will no longer be relevant.45 The key question will be the perception of such marks among those specialized in the trade.

44 Case C-421/04 (March 9, 2016).
45 Case 26 W (pat) 18/15—Lille Smuk (April 28, 2016), Case 24 W (pat) 503/13—секрет красоты (July 15, 2014), Case 28 W (pat) 578/12—бабушкиНЫ огурцы (March 26, 2014).
10. Spain—Appeal Court of Barcelona—Had a sign become a descriptive term, used by the majority of manufacturers to refer to a category of products with a common name?

The judgment of the Appeal Court of Barcelona in *L’Oréal Société Anonyme v. Laboratorios Genesse S.L.*\(^{46}\) confirms the revocation of the trademark AFTERSUN, registered in 1961, for having become the common name of after-sun lotion and cream in Spain.

The Spanish company Laboratorios Genesse was the owner of Spanish Trademark Registration No. 0390096 AFTERSUN, filed on October 21, 1961, and registered on July 30, 1962, in connection with a broad list of cosmetics in Class 3. In 2016, Laboratorios Genesse started a campaign in Spain of sending cease-and-desist letters to stop the use by competitors of the trademark AFTERSUN in connection with after-sun lotions. One of these letters was sent to L’Oréal.

L’Oréal replied to this letter, rejecting it, and shortly after filed a revocation action before the Commercial Courts of Barcelona arguing that trademark AFTERSUN had become the usual designation in Spain to refer to after-sun lotions. Together with its complaint, it filed a survey showing that there were many companies using this term in their cosmetics products in a descriptive way and argued that the claimant had been inactive for many years, so its trademark should be revoked in accordance with Article 55.1 d) of the Spanish Trademark Act (now Article 54 b), which states that “The rights of the proprietor of the trademark shall be declared to be revoked if, in consequence of acts or inactivity of the proprietor, the trademark has become the common name in the trade for a product or service in respect of which it is registered.”

The defendant replied to the complaint arguing that (i) the term that is in common use must be *exactly* the one registered and in this case the evidence filed showed the use of AFTER SUN (in two words) and AFTER-SUN (with a hyphen) but not of AFTERSUN in one word as it was registered, (ii) the Spanish descriptive expression in Spain is “DESPUÉS DEL SOL” not “AFTERSUN,” (iii) the trademark “AFTERSUN” of Genesse had acquired a secondary meaning and was not only associated by Spanish consumers to a specific commercial origin, but was, in fact, a well-known trademark in Spain, having 52% of the market share of after-sun products. Genesse filed a counterclaim against L’Oréal for trademark infringement.

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\(^{46}\) June 6, 2018 (Appeal No. 948/2017).
The Commercial Court rejected the allegations of Genesse and considered the trademark revoked. The case was appealed to the Appeal Court of Barcelona (Section 15).

In its judgment of June 6, 2018, the Appeal Court held that in order to declare a trademark revoked for having become the common name, the law requires both an objective and a subjective requirement. Objectively, the trademark must have become the usual designation of a product or service. Subjectively, this must be as a result of the activity (or inactivity) of the owner of the mark.

From the evidence, the Appeal Court considered that both requirements were applicable to this case. The Court considered that the following facts were relevant: the defendant had been using the expressions “AMBRE SOLAIRE AFTER SUN LECHE HIDRATANTE” since 1998 and “AMBRE SOLAIRE SPRAY AFTER SUN HIDRATANTE REFRESCANTE” since 2002, a study from Thomson Reuters showed that there were a large number of trademarks used together with “after sun” (ANNA MÖLLER, KORRES, MONTIBELLO, PIZ BUIN, APIVITA, BABARIA, EUCERÍN, GARNIER, GUERLAIN, HAWAIIAN TROPIC, ISDIN, NIVEA), the company Genesse used the term “AFTERSUN” together with main trademark ECRAN, many newspaper and magazine articles used “after sun” to refer to products to be used after sunbathing, and distributors of cosmetics use the term “after sun” as a category of products.

Genesse filed a market survey where the result showed that 83% of the interviewed persons recognized AFTERSUN. However, the Court considered that this survey was biased, as the methodology used was not correct. The interviewed persons were asked whether they were acquainted with trademarks NIVEA, AFTERSUN, DELIAL, BABARIA, HAWAIIAN TROPIC, and others (i.e., taking for granted that AFTERSUN was a trademark). The Court considered that the survey provided by L’Oréal was much more adequate, as the interviewed persons were asked the following question: “To you, what is AFTERSUN?” and only 10% identified it with a trademark, while 82% replied that it was a category of product to be used after being exposed to the sun.

L’Oréal also filed a private investigator report, where the investigator had gone to five of the best known cosmetic shops and department stores in Spain and asked for the product AFTERSUN. This report showed that most shop assistants offered the investigator a broad range of after-sun products of different brands and not the product of Genesse. The Court considered that this was also important and referred to the judgments of April 29, 2004, and of March 6, 2014, where the CJEU had stated that while the

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47 Case C-371/02, Bostongurka, § 23, 26.
48 Case C-409/12, Kornspitz, § 28.
function of the trademark as an indication of origin is of primary importance to the consumer or end user, it is also relevant to intermediaries who deal with the product commercially. The Appeal Court stated that the role of the intermediary consists as much in detecting and anticipating the demand for a specific product as in increasing or directing it, and this influence on consumer’s conduct in the market must be taken into account.

In view of the above, the Court concluded that “AFTERSUN” had become a descriptive term, used by the majority of manufacturers to refer to a category of products and that it was no longer a distinctive sign allowing consumers to differentiate the goods of a specific undertaking from those of others. The complaint of L’OREAL was upheld and the counterclaim of GENESSE was rejected.

11. Sweden—Patent and Market Court of Appeal—Should consideration of distinctiveness and descriptiveness each be carried out independently of the other, or simultaneously?

In Och registeringsverket v. Barnfondens insamlingsstiftelse, the Swedish Patent and Market Court of Appeal considered the interpretation of absolute grounds for refusal in Articles 4(1)(b) and (c) in the 2015 TM Directive.

A charitable organization, Barnfondens insamlingsstiftelse (referred to as the Foundation), had applied for registration of the wordmark BARNFONDEN (translated into English meaning “the Children’s Fund”) for, among others, “charitable fund-raising” included in Class 36.

The Swedish Patent and Registration Office considered that the trademark lacked distinctiveness in relation to the services included in the application and rejected the application. The Foundation appealed to the Patent and Market Court. In its appeal, the Foundation highlighted that trademarks with a similar semantic structure, applied for similar services, had been approved for registration according to earlier decisions from the Swedish Patent and Trademark Office. The Patent and Market Court made a different assessment to the Swedish Patent and Registration Office and approved the appeal. That decision mentioned that the Swedish Patent and Registration Office had previously approved registration of the trademarks SMÄRTFONDEN, KÄRLFONDEN, HJÄRNFONDEN, and BARNRÄTTSFONDEN (roughly translated in English as “the pain fund,” “the vascular fund,” “the brain fund,” and “the children’s rights fund,” respectively) applied for similar types of services.

The Swedish Patent and Registration Office appealed the Patent and Market Court’s decision. This alone is noteworthy, since the Swedish Patent and Registration Office only rarely appeals court decisions. In its appeal, the Swedish Patent and Registration Office emphasized that the absolute grounds for refusal were independent considerations that must be assessed separately: (i) a lack of distinctiveness and (ii) the fact that the trademark was considered descriptive in relation to the services applied for.

The Patent and Market Court of Appeal emphasized that registrability for any trademark requires distinctive character in relation to the relevant goods and/or services. A trademark is deemed to have distinctive character when it can distinguish goods and services provided by one company from those provided by another. A trademark can be devoid of any distinctive character if, for example, it consists of a sign that only shows the goods or services or kind, quality, quantity, intended use, value, geographical origin, or other characteristics of the goods or services.50

The Patent and Market Court of Appeal stressed that the Court of Justice had already established that the grounds for refusal of a trademark application based on descriptiveness and the lack of distinctiveness were two individual grounds that must be assessed separately. The requirement that a registered trademark must have distinctive character is based on the concept that consumers (or other end users) should be able to understand that the services at issue have a specific commercial origin. The restriction on registered trademarks that are descriptive is based on the fact that a descriptive term should be free for all to use.

The Court pointed out that the Swedish Trademark Act has slightly different wording compared with the 2015 TM Directive.51 While the requirements of distinctiveness and non-descriptive trademarks are mentioned separately in the EU Directive, this is not the case in the Swedish Trademark Act. According to the Swedish Trademark Act, the assessment as to whether a trademark is non-descriptive and distinctive should be made simultaneously. The court assessed that despite the fact that the Swedish Trademark Act has a different wording from that of the EU Directive, it is still possible to interpret the grounds for refusal independently and separately from each other. Thus, the Swedish

50 The relevant provisions of the Swedish Trademark Act correspond with Articles 3(1)(b) and (c) in the 2008 TM Directive.
51 The Swedish Trademark Act Chapter 1, Section 5, paragraph 2 (p. 1) stipulates that a trademark can lack distinctive character if it only consists of signs or indications that in the trade only shows the goods or services nature, quality, quantity, intended use, value, geographical origin, or other characteristics of the goods or services or the time when the goods were produced or the services were performed. Chapter 2, Section 5 in the Swedish Trademarks Act stipulates that a trademark that is to be registered must have a distinctive character for the goods or services to which it relates.
Trademark Act was construed to be in accordance with the 2015 TM Directive.

In relation to the specific facts of the appeal, the court initially assessed whether BARNFONDEN was descriptive in relation to the services included in the application. BARNFONDEN was considered a term that should be free for all to use. In support of this assessment the court held that BARNFONDEN did not constitute a new combination of words but was a grammatically correct combination of the words “barn” (“child”) and “fond” (“fund”). In addition, the word “barnfond” could be found in Swedish dictionaries. Consequently, the link between the services included in the application and the meaning of the word “barnfonden” would be perceived by the relevant public as a descriptive term in relation to the applied-for services. Thus, the trademark could not be registered.

The Foundation’s argument that earlier decisions from the Swedish Patent and Registration Office should be considered was rejected by the court. With reference to case law established by the CJEU, the Swedish appeal court made clear that neither the Swedish Patent and Registration Office nor the court was bound by the Swedish Patent and Registration Office’s earlier decisions to register other trademarks.

Finally, the Foundation failed to establish that the trademark BARNFONDEN had acquired distinctiveness. The trademark BARNFONDEN could therefore not be registered for the services at issue. The court’s assessment that the trademark BARNFONDEN could not be registered based on absolute grounds may seem strict by comparison to the earlier decisions of the Swedish Patent and Registration Office. However, it is hard to ignore the fact that the trademark BARNFONDEN (“Children’s fund”) could well be perceived as being both descriptive and lacking distinctiveness in relation to charitable fund-raising services.

12. Germany—Federal Supreme Court—To what extent can the issue of distinctiveness depend upon the likely form of use of the sign?

In a decision of June 21, 2018, the Federal Supreme Court referred the following question to the CJEU for guidance:

“Does a sign have distinctive character when there are in practice significant and obvious possibilities for it to be used as an indication of origin in respect of goods or services, even if this is not the most likely form of use of the sign?”

The case relates to the proper interpretation of Article 3(1)(b) of the 2008 TM Directive. The trademark applicant had applied for the registration of the expression “#darferdas?” (roughly translated as

52 Case No. I ZB 61/17 (German Federal Supreme Court, June 21, 2018).
“May he do that?”) as a trademark in Class 25 (clothing, in particular t-shirts, footwear, headgear). The German PTO had refused the application for lacking distinctiveness. Upon appeal, the Federal Patent Court had confirmed the refusal.

When assessing the inherent distinctiveness of a sign, the perspective of the public must be taken into account, which must be assessed on the basis of any possible meaning that the sign may have in relation to the goods or services concerned. The question of how the sign will be used and, in particular, whether the sign is used as a trademark is relevant, since a court may later need to consider the genuine use of the enforced trademark, or the distinguishing use of the contested sign. While the question of intended use is strictly relevant only where a trademark is to be registered as a position mark, the intended use is also relevant where the sign, by its character, raises the question as to whether it may be used as a trademark at all. In that respect, the key question is whether distinctiveness of the sign can be established because there may be some use that would qualify as use as a trademark, or whether registration is precluded because there may be use in a non-distinctive way, in particular as a description or a mere promotional slogan.

According to the CJEU’s guidance in Voss, it is sufficient to take the most likely way of use into account. This seems to suggest that the sign must be considered non-distinctive if the most likely way it would be used would be non-distinctive, in particular as a description or a mere promotional slogan, even if there are relevant and likely options in which the sign might be used as an indication of origin. Of course, the difficulty with this approach is that the likelihood of a particular use, and in particular of a specific position of the sign, cannot be properly assessed, as it is an entirely artificial exercise. The qualification of a use as “most likely” is inevitably speculative, and such use may even differ among the various goods covered by a trademark application.

The practice of the German Federal Supreme Court on such issues to date has been that the possible use of the sign concerned does not have to be a use as a trademark in every case. It is sufficient if there are practically relevant and likely options to use the sign in respect of the goods concerned in such a way that it will be perceived by the relevant public as an indication of commercial origin.

In the case of the sign “#darferdas?” the Federal Patent Court had followed the CJEU’s approach and considered the most likely possible use of the sign.

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54 See, e.g., decision of March 8, 2012, Case No. I ZB 13/11 – Neuschwanstein, and decision of April 24, 2008, Case No. I ZB 21/06 – Marlene Dietrich I.
use of the sign “#darferdas?” as non-distinctive. The court pointed out that the sign consists of a simple question “Darf er das?” (“May he do that?”). The notation in one word was considered a stylistic effect commonly used in advertising, and the “#” sign as an indication that the sign is a keyword for the discussion topic. On a t-shirt, this sign would most likely be printed on the front or back side, on headgear or footwear as recognizable inscription. Used in this way, the sign will be most likely perceived as an invitation to think about or be associated with the topic. Use on a label or tag was considered to be more unlikely. As a consequence, and in accordance with CJEU case law, other ways to use the sign did not need to be considered. On appeal since the Federal Patent Court had not examined whether there were other relevant and likely ways to use the sign, the Federal Supreme Court suspended the proceedings to ask the CJEU for guidance.

To understand the relevance of this referral, a distinction must be made between (i) signs that have an inherent meaning that directly describes the applied goods or services (it is already questionable that a particular position, be it on the front of a t-shirt or on its label, is apt to be considered a trademark) (in this case, distinctiveness is excluded from the outset); and (ii) signs that do not have a relevant inherent meaning but appear to be a mere decoration, an expression of an opinion, a self-display, or a promotional message (the perception may depend on the particular position). While these kinds of signs are often considered inherently non-distinctive even though not descriptive, a different view may have to be taken if the sign can be perceived as a decoration or an expression of self-display but, for its nature and in particular its brevity, as an indication of origin, too (for example, the name and silhouette of the famous “Neuschwanstein” castle or the statement “drama queen”). Then, the particular use, in particular its position (e.g., on the label of a t-shirt), may suggest a perception as a trademark because only another way of use or another position (e.g., the front of a t-shirt) would exclude such a perception, as in the case of “drama queen.” Likewise, the name of a famous castle may be printed on the body of a mug and make the mug a souvenir, but it can also be printed on the bottom of a cup and appear as the trademark of a manufacture. The guidance of the CJEU may clarify the correct practice as to future examination of the distinctiveness of such signs.

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55 See, for example, the decision of the Court of Appeal of Hamburg of February 20, 2002, Case No. 5 U 187/01—Zicke, in which the German word for “drama queen,” namely “Zicke,” had been registered by the plaintiff as a trademark while used by the defendant on a t-shirt as a statement of self-display.
III. CONFLICT WITH EARLIER RIGHTS—RELATIVE GROUNDS FOR REFUSAL OF REGISTRATION

A. Introductory Comments

This Part III relates to claims that a trademark should be refused registration (or 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 may also include challenges based on an earlier unregistered right.

In relation to conflict with earlier registered trademarks or trademark applications, there are three grounds for refusal (or post-registration invalidity):

(a) where the mark applied for is identical to the earlier mark, and the goods/services for which the applicant seeks registration are identical to those for which the earlier mark is protected. Often known as “double-identity” cases, the relevant rules are contained in Article 8(1)(a) of the 2017 EUTM Regulation and Article 4(1)(a) of the 2008 TM Directive;56

(b) where the mark applied for is identical or similar to the earlier mark and the goods/services for which the applicant seeks registration are identical or similar to those for which the earlier mark is protected, resulting in a likelihood of confusion. This provision accounts for much of the case law. The relevant provisions are set out in Article 8(1)(b) of the 2017 EUTM Regulation and Article 4(1)(b) of the 2008 TM Directive;57 and

(c) where the use of the mark applied for would offend either or both of the EU law principles of what are generally known as trademark dilution and unfair advantage (although not precisely the language used in the legislation).

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 do not depend on any similarity of goods/services and may be brought irrespective of whether or not the contested application covers goods or services identical or similar to those for which the earlier mark is protected or in which it has acquired its reputation. Some similarity between the marks is still a requirement, although not such that it would likely result in confusion. The basis for any such claim 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.

56 This provision is now found at Article 5(1)(a) of the 2015 TM Directive.
57 This provision is now found at Article 5(1)(b) of the 2015 TM Directive.
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,\(^{58}\) 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 2009 EUTM Regulation), and in Article 4(4) of the 2008 TM Directive.\(^{59}\)

Narrowing the selection of cases for this section of the Review can be challenging. As a result of its role as a final court of appeal with respect to many of the decisions made by EUIPO and its Boards of Appeal (in particular with respect to oppositions and invalidity), there is typically an abundance of CJEU case law with respect to relative grounds conflicts in any given year. The same may be said of the General Court as the penultimate tribunal of appeal. As in previous years, this Review attempts to select notable or interesting cases of this nature, rather than exhaustively cover each.

The CJEU’s decision in Kenzo deals with the fascinating topic of the extent to which unfair advantage may be more (or less) likely to arise in relation to the use of a similar mark in relation to particular classes of goods (common vs. luxury). Two decisions of the CJEU considered the basis of a challenge to decisions of the General Court, in particular in relation to adequacy of reasoning and on a disguised (inadmissible) challenge to findings of fact. The CJEU also considered the four cumulative conditions necessary for the holder of an unregistered mark to obtain the invalidity of a later EUTM, and the General Court considered whether the conceptual meaning of a “celebrity” name might counteract the visual and phonetic similarities with an earlier national trademark. Three national cases are also worthy of note, the Dutch Supreme Court analyzed the steps necessary in the assessment of conceptual similarity and the Polish Supreme Administrative Court’s considered whether the extended protection for EUTMs with a reputation should be restricted only to the territories of those Member States where

\(^{58}\) These provisions are now combined at Article 5(3)(a) of the 2015 TM Directive.

\(^{59}\) See now Articles 5(3)(b) and (c) and 5(4) of the 2015 TM Directive. Note the new wording at Article 5(3)(c) of the 2015 TM Directive which potentially enables the owner of a designation of origin or a geographical indication to prevent the registration of a subsequent trademark.
reputation had been established directly. Finally, the Danish Maritime and Commercial High Court confirmed the narrow scope of protection for an EU Collective Mark consisting of the combination of a descriptive element and a geographical indication.

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;
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—CJEU—Does the analysis of unfair advantage differ as between luxury goods and common mass-consumed foodstuffs with only a peripheral relationship to the reputation of the earlier mark?

Kenzo Tsujimoto v. EUIPO (Case C-85/16 P)\(^{60}\) concerned two joined Cases C-85/16 P and C-86/16 P involving the appellant, Kenzo Tsujimoto ("KT"), who in January 2008 filed an application for international registration designating the EU for the word sign KENZO ESTATE in Class 33 for “Wine and alcoholic beverages.” In August 2009, KT also filed for the same sign in Classes 29, 30, 31, 35, 41, and 43. In December 2008, Kenzo filed a notice of opposition based on the word mark KENZO, registered as an EUTM in February 2001, for goods in Classes 3, 18, and 25. The Opposition Division rejected the opposition in December 2011.

Kenzo filed a notice of appeal with the EUIPO. The Second Board of Appeal\(^{61}\) of the EUIPO upheld the appeal stating that the three cumulative conditions of Article 8(5) of the 2009 EUTM Regulation\(^{62}\) were satisfied. Contrary to the Opposition Division, the Board of Appeal found that Kenzo had established that the earlier trademark had a reputation and that the sign would take unfair advantage of such a reputation without due cause. However, the Board of Appeal found that the goods in Classes 29, 30, and 31 were not luxury goods but rather common mass-consumed foodstuffs that only have a peripheral relation with Kenzo’s goods. The Board of Appeal rejected the opposition in respect of those goods for which Kenzo had failed to justify why the registration applied for would take unfair advantage of the earlier KENZO mark.

KT appealed on two grounds of the 2009 EUTM Regulation, namely infringement of (i) Article 76(2)\(^{63}\) to submit evidence in due time and (ii) Article 8(5) in relation to relative grounds of refusal of marks with a reputation.

In relation to the late evidence, the CJEU held that the Board of Appeal has discretion to decide whether or not to take into account additional or supplementary facts or evidence that are not submitted within the time limits set or specified by the Opposition Division. Those provisions give the Board the option of admitting or excluding documents, submitted out of time, that relate to the existence, validity, and scope of the protection of an earlier mark. The CJEU recalled the twofold condition for the exercise of such

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\(^{60}\) Case C-85/16 P (May 30, 2018).


\(^{62}\) This provision is now found at Article 8(5) of the 2017 EUTM Regulation.

\(^{63}\) This provision is now found at Article 95(2) of the 2017 EUTM Regulation.
discretion: first, material that has been produced late is likely to be genuinely relevant to the outcome of the opposition; and second, that the stage of the proceedings at which late submission takes place and the circumstances surrounding it do not argue against such matter being taken into account. The CJEU endorsed the decision of the General Court in finding that the Board exercised its discretion under Article 76(2) to decide that it was appropriate to take that evidence into consideration.

In relation to the second ground of appeal with respect to marks with a reputation, the grounds of appeal were divided into four parts and concerned the assessment of: (i) the similarity of the conflicting marks; (ii) the reputation of the earlier mark; (iii) the absence of unfair advantage; and (iv) whether there was due cause for the use of the mark in respect of which registration was sought. The CJEU’s analysis of issues (iii) and (iv) merits particular comment.

Considering the similarity of marks (issue (i)) the CJEU found that the General Court was entitled to conclude that those marks, each considered as a whole, were similar—the sign consisted exclusively of the earlier mark to which another word had been added. Consumers normally pay more attention to the beginning of a sign than to its end. For English speakers, “estate” means “a large piece of landed property” so consumers would pay less attention to that term and would focus on the first and most distinctive element, being the KENZO element.

The reputation of the earlier mark (issue (ii)) received short shrift from the CJEU. The Board of Appeal (endorsed by the General Court) had rightly confirmed that the earlier mark KENZO had a reputation in the European Union for clothing, cosmetics, and perfume. The General Court’s assessment did not relate to the late submission of that evidence.

In respect of the (absence of) unfair advantage for element (iii), KT had argued that the very different nature of the commercial sectors of the conflicting marks (wine versus fashion) made it highly unlikely that the image of glamour and luxury associated with Kenzo’s goods could be transferred to the goods covered by the KENZO ESTATE mark. The CJEU disagreed. The Court was satisfied that the registration of KENZO ESTATE for wine and cognac was likely to “ride on the coattails” of the earlier mark, and take “unfair advantage” of the distinctive character of the earlier KENZO mark. The Court agreed with the earlier opposition and Board of Appeal decisions, which had found that the same could not be said for the less glamorous, mass-produced goods such as olive

oils and confectionary (for which the opposition had been rejected). It being correct that registration could not be prevented for mass-consumed foodstuffs purchased in any local shop (the goods within Classes 29 to 31), the same would not be true for the other specifications, where the use of the word “KENZO” would ride on the coattails of KENZO’s reputation and prestige.

In relation to due cause (point (iv), the fact that “Kenzo” was KT’s forename was held to be irrelevant to the issue of whether the use of that term constitutes due cause since “the weighing of different interests involved cannot undermine the essential function of the earlier mark, which is to guarantee the origin of the product.” While EU trademark law cannot prevent individuals from registering their own name for commercial purposes, the law does not grant individuals an absolute right to use their name in the course of trade.

2. EU—CJEU—In what circumstances can the CJEU set aside decisions of the General Court on the basis of inadequate reasoning?

The decision of the CJEU in L’Oréal v. EUIPO66 concerned L’Oréal’s applications to register the following five signs as EU trademarks in February 2013: MASTER PRECISE, MASTER SMOKY, MASTER SHAPE, MASTER DRAMA, and MASTER DUO in Class 3 for, “eye makeup products.” In May 2013, the intervener, Guinot, opposed the applications based on its earlier French registration of the figurative mark reproduced below, which was registered in December 2010 for various Class 3 products, including cosmetics and make-up.

![Masters Colors Paris](image)

In September 2014, the Opposition Division of the EUIPO allowed Guinot’s oppositions on the basis of Article 8(1)(b) of the 2009 EUTM Regulation. In order to determine the overall impression of the marks, bearing in mind their distinctive and dominant elements, the Opposition Division examined the terms “MASTERS,” “COLORS,” and “PARIS” on the one hand and

66 Cases C-519/17 P, C-522/17 P, C-525/17 P.
“MASTER PRECISE,” “MASTER SMOKY,” “MASTER SHAPE,” “MASTER DRAMA,” and “MASTER DUO” on the other. The Opposition Division found the figurative elements of the earlier mark to have little distinctiveness on the basis that they are essentially decorative in nature and found the most distinctive element of the earlier mark to be the word “MASTERS.” The Opposition Division considered that, in view of the visual, phonetic, and (for some of the relevant public) conceptual similarities between the marks, the signs in question were similar. The Opposition Division considered the dominant and distinctive element of the earlier mark to be the word “MASTERS,” which conveyed the same message as “MASTER” in the contested signs, and held that the similarities in the marks outweighed the differences and there was a likelihood of confusion.

L’Oréal appealed the decisions before the Board of Appeal, claiming that the Opposition Division had incorrectly assessed the distinctive character of the common element “MASTER / S” and that these terms would be perceived as descriptive and laudatory by French consumers. L’Oréal also claimed “MASTER / S” is not the most distinctive element of the signs, and the different respective additional elements play a significant role.

The Fifth Board of Appeal of the EUIPO rejected the appeals and upheld the Opposition Division’s decisions, agreeing with the Opposition Division’s assessment that the term “MASTERS” is the dominant element of the earlier mark on account of its position and size in the mark. The Board of Appeal also agreed that the figurative elements of the mark are weak, as they are essentially decorative in nature and held that consumers would not pay as much attention to these elements as the distinctive element “MASTERS.” The Board considered the additional elements in the earlier mark to have a negligible impact on the mark as a whole. The Board of Appeal held that L’Oréal’s marks do not have a dominant element, but the word “MASTER” is the most distinctive part of the contested signs. Bearing in mind the principles of imperfect recollection and of interdependence, the Board of Appeal held that the significant similarities in the marks gave rise to a likelihood of confusion.

L’Oréal further appealed to the General Court, claiming that there is no overall similarity between the marks and that the distinctive character of the earlier mark lies solely in the

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combination of all the verbal and figurative elements. In support of its claim, L’Oréal argued that the Board of Appeal misapplied the case law, which established that a global assessment can be carried out only on the basis of a dominant element of a complex mark where all other elements in the mark are negligible and the fact that an element is not dominant does not necessarily mean that it is negligible.

L’Oréal claimed that the Board of Appeal should have concluded that, visually, the earlier mark is dominated by a large red square with a gold border and that the mark is not dominated by a single verbal element but is rather a combination of eye-catching figurative and color elements and verbal elements. The fact that a single element of this combination is similar to one part of the contested signs is not sufficient to conclude that they are similar overall when each mark is viewed as a whole.

The General Court held that the L’Oréal’s arguments were based on a misreading of the contested decisions. In the General Court’s view, the Board of Appeal did compare the signs at issue on the basis of the overall impression produced by them. The General Court noted that, in its visual and phonetic comparisons of the marks, the Board found that the signs coincided insofar as the letters “MASTER,” but differed in relation to the final letter “S,” the verbal elements “COLORS” and “PARIS” and the figurative elements. Conceptually, the Board found the marks to be similar for the relevant public who understand the words “MASTER” and “MASTERS,” as they have the same meaning and noted that the other elements of the marks are conceptually different. Overall, the Board concluded that the differences in the verbal and figurative elements of the marks were not sufficient to outweigh the similarities. Additionally, the General Court noted that the Board of Appeal used the term “negligible” to mean “secondary to.”

The General Court went on to hold that, with the exception of the word “MASTERS,” the appellant had not contested the lack of distinctiveness or weak distinctive character of the other verbal and figurative elements in the earlier mark, so had not put forward any argument calling into question the Board of Appeal’s assessment of “MASTERS” as the most distinctive element of the earlier mark. With regard to the appellant’s argument that the distinctive character of the earlier mark lies in its combination as a whole, which is not reproduced in the contested signs, the General Court observed that the appellant seemed to be carrying out a comparison of the distinctive character of each of the marks, an assessment that the Court indicated has no place in the assessment of likelihood of confusion.

L’Oréal appealed all of the decisions to the CJEU, and the cases were subsequently joined. L’Oréal’s appeal was based on two grounds, namely that the General Court manifestly distorted the
appellant’s facts and arguments and that the Court had misapplied Article 8(1)(b).

In relation to the first ground of appeal, L’Oreal claimed that the General Court manifestly distorted its arguments by stating that L’Oreal had not contested the Board’s assessment that “MASTERS” is the most distinctive element of the earlier mark. The CJEU reiterated the case law that established that the reasoning of a decision should be clear and unequivocal. The CJEU noted that, in its decision, the General Court reproduced the Board of Appeal’s assessment that, with the exception of the word “MASTERS,” the appellant had not contested the lack of distinctiveness or weak distinctive character of the other verbal and figurative elements in the earlier mark, but failed to explain why the Board’s assessment was well founded. The CJEU indicated that the General Court’s finding in this regard could be interpreted in different ways and noted that the General Court did not reference any case law that might assist in interpreting its comments, despite there being case law stating that, where marks coincide in respect of a weak element, the impact of this similarity on the global assessment and likelihood of confusion will also be weak. The CJEU concluded that the General Court’s decision in this regard was incomplete and ambiguous and did not permit the appellant to understand the reasoning of the decision, nor did it permit the CJEU to exercise judicial review of the decision.

In relation to its second ground of appeal, L’Oréal disputed the General Court’s finding that L’Oréal had undertaken a comparison of the distinctive character of the respective marks and that such an assessment has no place in the assessment of likelihood of confusion. L’Oréal claimed that it had not undertaken a comparison of the distinctive character of the marks, but had, in fact, been comparing the marks themselves. L’Oréal also claimed that the General Court’s decision was contradictory as, by referring to the verbal element “MASTER” as the most distinctive element of the earlier mark, the Court implicitly accepted that the other verbal elements had a certain distinctive character. However, the General Court then confirmed the Board of Appeal’s finding that these other verbal elements are non-distinctive or weak.

The CJEU noted that L’Oréal’s arguments on appeal to the General Court were part of an admissible claim that there was an error in the application of the case law relating to the global assessment of marks. The CJEU went on to hold that the General Court did not justify its conclusion that a comparison of the distinctive character of the respective marks has no place in the assessment of likelihood of confusion. As a result, the CJEU held that the General Court did not respond to L’Oréal’s claim in full and did not provide adequate legal reasons for its response.
As the General Court did not respond to L'Oréal’s appeal in a structured, adequate and reasoned manner, the CJEU set aside the General Court’s decisions and referred the cases back to the General Court for review.

3. EU—CJEU—When does an appeal to the CJEU on matters of law amount to an inadmissible challenge to the analysis of facts by the General Court?

In *Ice Mountain Ibiza SL v. EUIPO* (Cases C-412/16 P and C-413/P), the CJEU heard Ice Mountain Ibiza SL’s attempt to annul the judgment of the General Court[^69] under Article 8(1)(b) of the 2009 EUTM Regulation.[^70]

In February 2012, Ice Mountain Ibiza (IMI) applied to register the following two figurative signs for, inter alia, services in Class 41, including the following description: “Disco and party room services; nightclubs; discotheque services. . .”

![Image of the figurative signs](image_url)

**Case C-412/16P**  **Case C-413/16 P**

In May 2012, Marbella Atlantic Ocean Club brought an opposition pursuant to Article 41 of Regulation No. 207/2009 based on the following earlier Spanish figurative marks applied for in November 2011, also designating services in Class 41, with the description: “Club services, sports and entertainment” as reproduced below.

[^70]: Now found at Article 8(1)(b) of the 2017 EUTM Regulation.
In September 2013, the Opposition Division of the EUIPO granted the opposition filed by Marbella Atlantic Ocean Club. In November 2013, IMI appealed to the EUIPO. The First Board of Appeal of the EUIPO dismissed that appeal. It considered that the word elements of the conflicting marks had the same value as the figurative elements because the term “ocean,” which was common to both, was situated in prominent positions and that the figurative element could be understood as being linked to the word elements since it referred to the capital letters “O” and “C.” The Board found there to be a certain visual, phonetic, and conceptual similarity and that the differences between the marks were not sufficient to exclude the existence of a likelihood of confusion. On further appeal, the General Court held that in view of the similarity between the signs and services there was a likelihood of confusion.

Before the CJEU, IMI argued that the Court distorted the evidence in relation to 69 other establishments that use the term “ocean.” According to IMI, the Court had misconstrued the argument on peaceful coexistence by making it practically impossible to prove the absence of confusion between 69 different commercial logos. The CJEU held that in order to show peaceful coexistence, the appellant was free to proceed with that demonstration by putting forward a body of evidence to that effect. Evidence of knowledge of each of the marks in question by the relevant public was particularly relevant in that regard before the filing date of the application for registration. The General Court had not erred in law, as the documents produced by the appellant did not prove that the alleged coexistence between the various signs containing the term “ocean” was based on the absence of a likelihood of confusion. Mere presence on the Internet did not provide data on the impact on the public.

IMI also argued that the Court failed to apply Storck v. OHIM, according to which the distinctive character of a sign must be assessed, in particular, in relation to the perception of the relevant public. In failing to take this into account, the Court’s assessment of distinctive character was incorrect. The CJEU held that the General

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71 Case R 2292 / 2013-1.
Court had examined the intrinsic distinctiveness of the term “ocean” in terms of its meaning. Even if the public made the link between the word “ocean” and its meaning in Spanish, that would not limit the intrinsic distinctive character of that term for the services concerned. Intensive use of the signs “ocean” or “oceano” had not occurred to the extent of weakening the distinctiveness of the term “ocean.” The General Court had properly applied the relevant case-law and did not require an excessively high and rigorous level of evidence. The applicant was really seeking to question the factual assessment made by the Court and therefore its argument was inadmissible.

Finally, IMI argued that the Court made an incorrect analysis of the dominant nature of certain elements of the signs at issue. For example, according to IMI, the finding that the word elements were at least identical in value to the figurative elements was an error. Rather, considered as a whole, the average Spanish consumer would consider the figurative elements to dominate the overall impression and would not engage in an examination of its different details. The CJEU agreed with the General Court that even if the element “ocean” had only a weak distinctive character, that did not prevent it from constituting a dominant element, liable to be a factor in a consumer’s perception. The General Court held that the word elements had, at the very least, identical value to the figurative element. The figurative element did not therefore present a sufficient conceptual burden to eliminate the conceptual similarity, and the Court had given its reasons to the requisite legal standard. The circumference and semi-circumference of the figurative element of the marks applied for could at least by part of the relevant public be seen as referring to the capital letters “O” and “C.” Although the appellant complained that the General Court erred in law, actually it sought to call into question the assessment made by the Court of the dominant nature of the words, which is a finding of fact inadmissible on appeal.

The same issues applied to the findings of the Court in relation to the signs at issue being phonetically similar. The common use of “ocean” and its impression of similarity was not eliminated by the fact that the earlier mark started with the capital letters “OC.” Rather, the phonetic similarity was relevant because the word elements would be more easily used to name the mark than the figurative elements. The importance of the visual impression in the sector concerned and the relevance of the phonetic similarity between the signs at issue could not be disregarded.
4. EU—CJEU—What conditions must the owner of an unregistered name establish in order to oppose a third party’s attempt to register a confusingly similar sign for similar services?

The decision of the CJEU in *Fiesta Hotels & Resorts SL v. EUIPO* (Case C-75/17 P)\(^\text{73}\) considers unregistered rights cited against a later application for an EUTM. In December 2011, Fiesta submitted an application for registration of the following figurative sign in Classes 41 (“education; training; entertainment; sports and cultural activities”) and 43 (“food services; temporary accommodation”):

![Palladium Palace Ibiza Resort & Spa](image)

In September 2012, the intervener, Residential Palladium (“RP”) brought an application for a declaration of invalidity under Articles 52(1)(b) and 53(1)(c) of the 2009 EUTM Regulation\(^\text{74}\) and Article 8(4)\(^\text{75}\) based on the unregistered trade name GRAND HOTEL PALLADIUM.

In October 2013, the Cancellation Division of the EUIPO granted the application regarding services in Class 43 but rejected the request for services in Class 41. It considered that RP’s sign had been used effectively in Spain to designate hotels and that its scope of use was not merely “local.” This sign allowed RP, in accordance with Spanish law, to prohibit the use of a later mark in respect of which there was a likelihood of confusion.

In December 2013, Fiesta filed an appeal with the EUIPO against that decision of the Cancellation Division. The Second Board of Appeal\(^\text{76}\) agreed with the Cancellation Division and dismissed the appeal.

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\(^{73}\) Case C-75/17 P (CJEU, April 19, 2018).

\(^{74}\) These provisions are now found at Articles 59(1)(b) and 60(1)(c) of the 2017 EUTM Regulation.

\(^{75}\) This provision is now found at Article 8(4) of the 2017 EUTM Regulation.

\(^{76}\) Case R 2391 / 2013-2 (February 23, 2015).
Fiesta brought an action for annulment of that decision before the General Court.\textsuperscript{77} The first complaint alleged that the Board erred in its findings in relation to the local scope of the sign relied on and the fact that the right to that sign was acquired in accordance with Spanish law. Second, Fiesta argued that the Board wrongly considered that the unregistered name had notoriety. The General Court rejected these arguments and dismissed the action as a whole, stating that Fiesta was unable to establish an error of law.

Fiesta appealed to the CJEU and relied on four pleas in law. First, Fiesta argued that the General Court erred in its interpretation of the requirement relating to the local scope of an unregistered trademark. According to Fiesta, use of “local” expresses the idea of proximity with a limited geographical dimension.

In relation to unregistered marks, the CJEU set out the four relevant cumulative conditions for the holder of an unregistered mark to obtain invalidity of an EU mark: (i) the sign must be used in the course of business; (ii) it must have a scope that is not only local; (iii) the right to that sign must have been acquired in accordance with the law of the Member State; and (iv) the right to the sign must allow the holder to prohibit the use of a more recent mark. The first two conditions are to be interpreted in light of EU law, the latter two are to be assessed in accordance with the law governing the sign concerned.\textsuperscript{78}

The CJEU clarified that the “not only local” scope of the sign relied on is intended to limit conflicts between signs by preventing a prior right that is not sufficiently characterized.\textsuperscript{79} The CJEU held that the assessment of the General Court was based on the economic effects arising from the use of the sign, particularly in advertising and commercial correspondence; duration; frequency of use; and the fact that RP had developed a commercial activity throughout Spain before Fiesta’s application. The CJEU concluded that such assessment was in accordance with the Court’s case-law and the arguments put forward by Fiesta in support of its first plea amounted to a misreading of the judgment.

Second, Fiesta argued that the General Court erred in law in the application of Article 8(4) of the 2009 Regulation by refraining from analyzing the requirement of the use of the sign relied upon under Article 9(1)(d) of the Law 17/2001 of Marcas (Spanish Law 17/2001 on Trade Marks) of 7 December 2001. According to Fiesta, RP did not previously acquire the right to use the unregistered name.


The CJEU recalled that the Court of First Instance had held that the judgment of the Audiencia Provincial de Palma de Mallorca (Provincial Court of Palma de Mallorca) of November 2011 was sufficient to prove that the right to the unregistered name had been acquired under Spanish law. Irrespective of whether RP’s use of the sign relied on was well known, there was no error in law in confirming its existence. Ultimately, it was for the General Court to take into account the decisions of the courts of the Member States in relation to the existence or validity of earlier rights and not for it to substitute its assessment on the competent national courts; a power which the Regulation does not confer on it.80

Third, Fiesta maintained that the General Court wrongly considered the condition laid down in Article 8(4)(b) of the 2009 EUTM Regulation and that the judgment under appeal was vitiated by an error of law as the General Court’s conclusion stated that the right to obtain the annulment of a more recent mark on the basis of a trade name includes *a fortiori* the right to oppose the use of this mark.

The CJEU held that the General Court correctly found that it was not disputed that the combined provisions of Article 9(1)(d), Article 52(1) and Article 87(3) of the Spanish Law on Trade Marks provide that the registration of a mark may be annulled on the basis of a trademark fulfilling the conditions laid down in Article 9(1)(d) of the Spanish Law on Trade Marks. The CJEU maintained that the General Court was entitled to consider that the conditions were fulfilled so that RP could theoretically claim the invalidity of the registration of the contested mark and thereby validly oppose the use of that mark.

5. EU—General Court—When might the conceptual meaning of a “celebrity” name counteract the visual and phonetic similarities with an earlier national trademark?

The ruling of the General Court in *Lionel Andrés Messi Cuccittini v. EUIPO*81 on April 26, 2018, considers the appeal by Lionel Andrés Messi Cuccittini (“Messi”) to set aside the decision of the EUIPO in relation to Messi’s application for the registration of the following EU trademark for sports and gymnastics clothing, footwear, and equipment:

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81 T-554/14 (GC, April 26, 2018).
In November 2011, a notice of opposition was filed against the registration of Messi’s trademark, claiming a likelihood of confusion with an earlier word mark “MASSI” registered for clothing, shoes, bicycle helmets, protective clothing, and gloves. In 2013, the EUIPO upheld this opposition and rejected, a year later, Messi’s appeal against that decision.

Concluding that there was a likelihood of confusion between the two marks, the EUIPO confirmed that: (i) the marks were extremely similar, since their dominant elements, consisting of the terms “MASSI” and “MESSI” were almost identical visually and phonetically; and (ii) any conceptual dissimilarity based on Messi’s fame would apply only in relation to part of the relevant public (i.e., those that are interested in football and sport) but for the remainder of the public who do not associate the word MESSI with the football player, the alleged conceptual dissimilarity will not be perceived. Messi sought the annulment of EUIPO’s decision on appeal to the General Court.

Accepting Messi’s appeal, the General Court confirmed that while the marks at issue were visually and phonetically similar, owing to the dominant element of the Messi mark being extremely similar to the word element present in the MASSI trademark, the EUIPO was wrong to dismiss the conceptual dissimilarity between the marks. Noting the considerable reputation enjoyed by Messi, the General Court stated that Messi, who was a well-known public figure and regularly appeared in the media (and discussed on television and on the radio), was known by more than only that part of the public that is interested in football and sport. The EUIPO should have considered, instead, whether a significant part of the relevant public would, in fact, not make a conceptual association between the term “MESSI” and the footballer.

Acknowledging that the goods covered by the conflicting marks and for which a likelihood of confusion may exist were identical and/or similar, the General Court nevertheless determined that it would be highly unlikely that the average consumer of those goods would not directly associate the term “Messi” with the footballer. The conceptual differences between the conflicting marks were such as to counteract the high visual and phonetic similarities, such that
the average consumer would not perceive the relevant goods to come from the same undertaking.

While it was possible that some consumers would never have heard of Messi, that would not have been the case for the average consumer, particularly considering that in this case the average consumer was someone who buys sports clothing or equipment. Therefore, the General Court held, in contrast to the EUIPO, that there was no likelihood of confusion and Messi’s appeal was well founded.

6. Netherlands—Dutch Supreme Court—Does the analysis of a “generalization step” in the assessment of conceptual similarity amount to a new criterion of analysis?

The Dutch Supreme Court in its three rulings of July 13, 2018, in the cases FFF/Levola I, II, and III^82 considered that this “generalization step” does not amount to a new criterion for conceptual similarity.

Fanofinefood (“FFF”) had applied for three trademarks, all of which included the word element “WITTE WIEVENKAAS.” Levola opposed these on the basis of its earlier word mark “HEKSENKAAS.” The common element “kaas” is the Dutch word for “cheese.” While the opposition had been rejected, on appeal the Court of Appeal overturned this decision and refused registration. On appeal before the Dutch Supreme Court, the most important element of the discussion related to the question as to what extent the other elements were similar, heksen meaning “witches” and witte wieven (arguably) also being a reference to some kind of supernatural magic female beings with a negative connotation.

The Dutch Supreme Court ruled that, unlike visual and aural similarity, both of which involve a direct perception based on the senses, conceptual similarity is by its nature based on a more abstract notion, such as a common meaning or shared characteristic. When investigating whether or not conceptual similarity exists, it is logical to consider a step, either implicitly or explicitly, which was described as a “generalization step.” The Court of Appeal had used such a step in its analysis, and in doing so had not created its own criterion but merely followed an acceptable train of thought.

Despite endorsing this “generalization test,” the Supreme Court nevertheless overturned the decision on another ground. Although the Court of Appeal had rightfully ruled that for conceptual similarity a substantial part of the relevant public must be familiar with the similar meaning, the Court of Appeal had failed to take proper account of the denial that such knowledge was present or understood.

7. Poland—Polish Supreme Administrative Court—In the assessment of an opposition based upon a trademark with a reputation, should the protection for EUTMs be restricted only to the territories of those Member States where reputation may be established directly?

The Polish Patent Office had originally dismissed the opposition of the holder of the family of trademarks DAMART (registered in Classes 25 and 35) seeking to prevent registration of a Polish trademark ADMART (also in Classes 25 and 35). The opponent based its opposition on two EU registrations for DAMART (word-graphic and word) and an international registration (word-graphic) for DAMART designating protection in Poland.

On first appeal, the District Administrative Court (DAC) in Warsaw had upheld the decision of the Patent Office, confirming the findings of the Patent Office that there was insufficient similarity between the trademarks DAMART and ADMART to create a likelihood of confusion. The Patent Office did not examine the similarity of trademarks in the context of the claimed reputation of the senior EU marks and the DAC did not find that it was an error of the Patent Office.

On appeal to the Supreme Administrative Court (SAC),83 it was argued that the DAC and the Patent Office had erred in law by failing to properly analyze the evidence submitted by the opponent concerning the reputation of the DAMART mark in the EU, after

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83 Judgment of June 19, 2018—II GSK 2673/16 (Polish Supreme Administrative Court) ruling in the matter of cassation complaint against judgment of District Administrative Court of January 29, 2016, VI SA/Wa 1170/16.
having concluded such evidence did not establish reputation in Poland (alone). The opponent had submitted evidence seeking to establish reputation of its trademarks for DAMART in France, Belgium, and the United Kingdom (recognition) and in France, Belgium, and Luxembourg (sales). The Patent Office had held it was not sufficient evidence to confirm that the trademarks enjoyed reputation in Poland at the date of filing for registration of the junior mark ADMART. The DAC had confirmed that such evidence was not sufficient to prove reputation of the senior trademarks for DAMART even in part of the EU.

The SAC considered the proper meaning of marks with a reputation within Article 132 al. 2 p. 3 of the Industrial Property Law (IPL). In its judgment, the SAC cited a number of relevant CJEU decisions—in particular, PAGO, in which the CJEU had ruled that the EU trademark has a reputation if it enjoys a reputation in the substantial part of the EU territory and such part may correspond to the territory of single Member State. In the same judgment, the CJEU had confirmed that if the trademark enjoys a reputation in the EU in the sense described above it is not necessary to demonstrate the reputation of trademark in the state where the junior trademark was applied for registration. The SAC also referenced the CJEU’s decision in Iron & Smith where the Court had ruled that when it was established that the EU trademark has a reputation in a substantial part of the EU but not among the relevant consumers in the state where the application for registration of the junior trademark was made, the owner of the senior mark may still rely on the extended protection for trademarks with a reputation provided that a “commercially significant” part of that public is familiar with that mark and makes a connection between it and the later national mark.

In failing to apply the assessment correctly, the Patent Office and the DAC had applied the wrong test in considering the claimed reputation of the senior EU trademarks and had thus not taken into account the standard to be reached was merely the establishment of a link between junior and senior trademark and one that applied to both similar and non-similar goods. It was not necessary to prove that there is a link that results in a likelihood of confusion among the relevant consumers. The approach of the Patent Office and the DAC had been incorrect because the Patent Office had first compared the trademarks and, having found that they were not

87 Such standpoint was adopted by the Polish Supreme Court in the following cases: judgment of V CSK 109/08, LEX no. 479328 (October 23, 2008) and judgment of IV CSK 335/2008, OSNC 2009, no. 3, item 85 (March 4, 2009).
similar, then subsequently examined the evidence of reputation of
the senior trademarks without consideration of whether the senior
trademarks were EU trademarks with a reputation rather than
merely considering whether such reputation was established in
Poland. The appeal was successful, confirming that the approach of
the limited analysis to the evidence concerning the territory of
Poland alone did not take into account the unitary character of EU
trademarks. The correct approach, consistent with the CJEU’s case
law, should not be to restrict the protection for EU trademarks with
reputation only to the territories of those Member States where
reputation may be established directly.

8. Denmark—Danish Maritime and Commercial
High Court—What is the scope of protection of an
EU Collective Mark consisting of the combination
of a descriptive element and a geographical
indication?

Although, strictly speaking, a case about conflict with earlier
rights in national proceedings, this decision highlights that a
combination of descriptive elements in an EU collective mark may
have been validly registered, but offered only a limited scope of
protection as a result.

On October 31, 2018, the Danish Maritime and Commercial
High Court delivered its judgment in an appeal filed by Camera di
Commercio Industria Artigianato e Agricoltura di Verona
(“CCIAA”) against the Danish Board of Appeal for Patents and
Trademarks (“Board of Appeal”). The Board of Appeal had
previously allowed the registration of the mark Ripassa ZENATO
and rejected CCIAA’s opposition based on an earlier EU Collective
Mark for VALPOLICELLA RIPASSO.

In 2004, EUIPO had refused CCIAA’s application for
registration of the mark RIPASSO (word) noting that “Ripasso” was
a designation of a manufacturing technique for Valpolicella wine
and would not be capable of distinguishing origin. Following the
refusal, CCIAA obtained registration of the EU Collective Mark
VALPOLICELLA RIPASSO (word) in Class 33 for “alcoholic
beverages (except beers, and wine from the Valpolicella region.”

In 2016, Cantina Broglie 1 S.R.L. (“CB”) obtained a registration
in Denmark for the trademark Ripassa ZENATO (figurative) in
Class 33 for “alcoholic beverages (except beers),” as shown below:

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88 Case BS-7436/2018-SHR, Camera di Commercio, Industria Artigianato e Agricoltura di
Verona against the Danish Board of Appeal for Patents and Trademarks (October 31,
2018).
The figurative mark “RIPASSA ZENATO” was registered in Denmark following CB’s request to convert a pending EU application. The EUTM application had been refused by EUIPO, noting the following on the meaning of “Ripasso” and “Ripassa” in the Italian language:

From a conceptual perspective, “RIPASSO”, is a noun in the Italian language with the meaning of (. . .) action and result of being passed again; new check, new examination: new reading, repetition of a school lesson (. . .). “RIPASSA” does not exist as a noun but corresponds to the third person of the verb “ripassare” which has the meaning of “to pass by the place again, to retrace one’s steps”. “ZENATO” does not have any meaning with the Italian public. In the light of the above, no conceptual similarity is noted between the trademarks.”

Following the registration of RIPASSA ZENATO (figurative) in Denmark, CCIAA filed an opposition at the Danish Patent and Trademark Office (“DKPTO”), claiming a likelihood of confusion between the EU Collective Mark VALPOLICELLA RIPASSO (word) and Ripassa ZENATO (figurative). The DKPTO ruled in favor of CCIAA and revoked CB’s registration in 2017. DKPTO’s decision was appealed by CB to the Danish Board of Appeal for Patents and Trademarks (“Board of Appeal”).

The Board of Appeal ruled in favor of CB, upholding the appeal and permitting registration of Ripassa ZENATO (figurative). The Board of Appeal stated that the word “RIPASSO” in VALPOLICELLA RIPASSO (word) was a designation of a manufacturing technique for a kind of Italian wine and that an average Danish consumer of wine would perceive the word to be descriptive for a certain type of wine. Thus, this word (alone) was not eligible for trademark registration. The Board of Appeal then noted that the word “VALPOLICELLA” was the distinctive element in the EU Collective Mark VALPOLICELLA RIPASSO (word) since, although that the word referred to a wine district in Italy, collective EU marks could comprise geographical indications. The Board of Appeal concluded that Ripassa ZENATO (figurative) was not confusingly similar to VALPOLICELLA RIPASSO (word). CB’s trademark comprised figurative elements together with the words “RIPASSA” and “ZENATO,” which were equally prominent. The
word “ZENATO” had a high degree of distinctiveness, in which the word “VALPOLICELLA” was the distinctive and most predominant element. Thus, the Board of Appeal reversed the decision of DKPTO, allowing registration of Ripassa ZENATO (figurative).

CCIAA appealed the Board of Appeal’s decision before the Danish Maritime and Commercial High Court. The Court noted that “ripasso” is a method of Italian wine-production and that EUIPO had refused to register the word RIPASSO as a trademark. In essence, “RIPASSO” did not possess distinctive character and registration of the EU Collective Mark VALPOLICELLA RIPASSO (word) had only been possible because of the additional word “VALPOLICELLA,” as indicated by the Board of Appeal. Against this background and taking into account the distinctive and dominant elements of Ripassa ZENATO (figurative), being the words “RIPASSA”/“ZENATO” together with the figurative elements, the court upheld the decision of the Board of Appeal. Ripassa ZENATO (figurative) was not confusingly similar to the EU Collective Mark VALPOLICELLA RIPASSO (word). The case is currently under appeal.

IV. BAD FAITH

A. Introductory Comments

The validity of an EU trademark may be challenged on the basis that the application and/or resultant registration was made in bad faith. An invalidity action may be brought under Article 59(1)(b) of the 2017 EUTM Regulation (corresponding to Article 52(1)(b) of the old 2009 EUTM Regulation).

The 2008 TM Directive also 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 as to what might be implemented under domestic law. 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. Note that the 2015 TM Directive now adjusts this position, and provides that bad faith is to be a mandatory invalidity ground going forward, as well as being a basis on which Member States may optionally provide that bad faith should be an opposition ground. Relevant provisions of the 2015 TM Directive are Articles 4(2) and 5(4)(c).)

Four cases form this Part IV. The issue of bad faith became a “hot topic” for EU trademark practitioners after the UK High Court in Skykick referred a number of questions to the CJEU in 2018, including as to whether a lack of intent to use an EUTM in respect of the full range of goods and services sought at the time of filing constituted bad faith. That case also raised questions as to whether the specification of goods and services is insufficiently clear and
precise, which for the sake of convenience are also briefly analyzed in this section, notwithstanding that they relate to a different issue of law. Much of the same issues were also considered in the later UK case of *Fidelis*, also reported here. Two national decisions in Italy and Spain return to more familiar issues of bad faith, such as whether a mark filed after a breakdown in commercial negotiations amounted to bad faith, and the entitlement of a licensee to file a mark in his own name when it transpired that the licensed mark did not actually exist in a particular territory.

**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**

1. 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**

1. 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:

   . . .

   (a) 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. UK—High Court—Can a trademark be invalidated on the basis of bad faith arising from a lack of intention to use the full scope of the goods and services specified? Was the specification of goods and services insufficiently clear and precise?

The ruling of the English High Court in Sky PLC and others v. SkyKick UK Ltd and another on February 6, 2018, concerns an action for passing off and trademark infringement where, in the course of its main judgment, the High Court stayed the proceedings and referred various questions to the CJEU.

The claimants, the Sky group of companies (“Sky”), have for many years traded extensively in the UK under the SKY trademark in relation to a wide range of goods and services (in particular, TV broadcasting, telephone, and broadband services). Sky issued proceedings against the defendants alleging trademark infringement and passing off for the use of the name “SKYKICK.” The claim was based on Articles 9(2)(b) and 9(2)(c) of the 2009 EUTM Regulation (corresponding to Articles 9(2)(b) and 9(2)(c) of 2017 EUTM Regulation).

The defendants opposed the infringement and passing off claims, arguing that (i) the claimants had acted in bad faith in applying the SKY trademarks to such a broad range of goods and services, knowing at the time of filing the application that they did not intend to use the trademarks for all of those goods and services; and (ii) the registered SKY trademarks should, under the IP Translator case, be declared partly invalid as the goods and services covered by the registrations were not specified with sufficient clarity and precision (including “computer software” and “telecommunications services”).

In relation to the defendants’ bad faith argument, the High Court considered the following key points:

(a) There is no case law that expressly states that a lack of intent to use a mark in respect of specific goods and services at the time of filing constitutes bad faith;

(b) In appropriate cases, a trademark application without an intent to use could constitute bad faith (and particularly where there was some other factor that gave rise to a finding of bad faith—for example, an intent to prevent a specified third party from using the mark);

89 [2018] EWHC 155 (Ch) (February 6, 2018).
(c) Filing an application covering a broad specification or where there was merely a contingent intent to use particular goods and or services would be insufficient to show bad faith; and

(d) An application can be filed partially in bad faith.

The second issue as to whether a lack of clarity and precision could also be a ground of invalidity of a registered mark was accepted by the parties not to be *acte clair*. The High Court noted that the registration of a trademark for goods and services such as “computer software” may be too general and conferred a “monopoly of immense breadth which cannot be justified by any legitimate commercial interests of the proprietor.” However, it did not necessarily follow that the term “computer software” lacked clarity or precision. The claimants argued that, since the terms in question (including “computer software”) were sufficiently clear and precise, it was not appropriate, in the present case, to refer the question to the CJEU. The High Court ultimately disagreed, as did the Court of Appeal (see below).

Accordingly, the High Court referred the following questions to the CJEU:

1. Can an EU trademark or a national trademark registered in a Member State be declared wholly or partially invalid on the ground that some or all of the terms in the specification are lacking in sufficient clarity or precision to enable the competent authorities and third parties to determine the extent of the protection conferred by the trademark?

2. If the answer to (1) is yes, is a term such as “computer software” lacking in sufficient clarity or precision to enable the competent authorities and third parties to determine the extent of the protection conferred by the trademark?

3. Can it constitute bad faith to apply to register a trademark without any intention to use it in relation to the specified goods or services?

4. If the answer to question (3) is yes, is it possible to conclude that the applicant made the application partly in good faith and partly in bad faith if the applicant had an intention to use the trademark in relation to some of the specified goods or services, but no intention to use the trademark in relation to other specified goods or services?

5. Is section 32(3) of the 1994 Act [the declaration made at the time of filing a UK trademark that the Applicant has a bona fide intention to use the mark] compatible with the Directive and its predecessors?

Pending the outcome of the questions above, the High Court went on to consider the claimants’ infringement and passing off claims and concluded that in the event that the registered SKY
trademarks are found to be valid, the defendants had infringed the trademarks under Article 9(2)(b). This was because of a likelihood of confusion based on the reputation that the claimants enjoyed in respect of these marks. In respect of the case under Article 9(2)(c), on the assumption that there was no confusion, it was held that the necessary link was made out, but there was no real risk of detriment to the distinctive character of the marks. The claimants’ passing off claim failed.

The claimants subsequently made an application to the English Court of Appeal for permission to appeal the judgment of the High Court, requesting a stay of the order for reference to the CJEU and a measure of expedition. The appeal ruling on September 6, 2018, focuses on the approach of the Court of Appeal in granting permission in a case where the High Court made a reference for which it needed an answer before it could give judgment, as well as whether the Court of Appeal had jurisdiction to grant a stay and expedite the hearing of the appeal. In the Court of Appeal’s view, accepting the appeal would be to make a decision on whether the reference to the CJEU should be made; if found that it should, costs would be incurred on an exercise that had gained nothing, and conversely, it might still find that it lacked the necessary findings of fact to decide on the substance of the claims (and would have to remit the case back to the High Court). It was therefore better to let the reference to the CJEU take its course and to hear an appeal when the final outcome was known.

2. UK—High Court—Issues relating to bad faith and invalidity for a mark registered in respect of “financial services” also required the guidance sought from the CJEU in the “SkyKick” questions

The case of FIL & Anor Ltd v. Fidelis Underwriting Ltd & Ors in the UK High Court addressed a number of issues across UK and EU trademark law. The claimants (“Fidelity”), who have been providing financial services under the FIDELITY registered trademark in the UK continuously since 1979, argued that the defendants (“Fidelis”) had infringed three EU and three UK registered trademarks. Each trademark was registered for “financial services,” “insurance services,” and “investment services.” Fidelis denied infringement and counterclaimed for a declaration that the trademarks were filed in bad faith, were wholly or partially invalid, and should be revoked for non-use.

The (undisputed) dates for assessing Fidelis’ objections to the validity of the trademarks are the respective filing dates. The

91 [2018] EWCA Civ 2004 (September 6, 2018).
relevant date for assessing the claims for infringement and passing off was disputed but held to be July 2015, when Fidelis Bermuda, which served UK clients, began trading.

**Bad Faith**

Fidelis alleged that Fidelity registered marks in bad faith because they did not have any intention to use the trademarks in relation to “insurance services.” Analogous to *Sky v. SkyKick*, the primary case of Fidelis was that the trademarks were wholly invalid and its secondary case was that they are at least invalidly registered in relation to “insurance services.” In *Sky v. SkyKick*, it was arguable that applying to register a trademark without any intention of using it in relation to specified goods or services amounted to bad faith. In that case, the High Court found that for broad categories of goods and services, *Sky* not only had no intention to use the trademarks but no reasonable commercial rationale for seeking registration. Here, Fidelity established genuine use of the trademarks in relation to pensions, annuities, and annuity brokerage—i.e., “pension-related insurance services.”

Fidelity, presumed to have acted in good faith unless the contrary was proven, had a reasonable commercial rationale at each of the relevant dates for seeking registration. The key was whether Fidelity had a reasonable commercial rationale for seeking registration in relation to “insurance services” or whether Fidelity was justified in seeking registration only in relation to a narrower class of services.

The High Court held that, if the provisional conclusions drawn in *Sky v. SkyKick* are correct, then it would be unlikely for Fidelity to be found to have acted in bad faith; however, in the current uncertain state of the law, Fidelis’ case that these trademarks were invalid in their entirety was arguable. The resolution of these issues would have to await the outcome of the reference in *Sky v. SkyKick*.

**Invalidity due to Descriptiveness**

Fidelis also argued that the trademarks were invalid insofar as they were registered for “insurance services.” Since “fidelity insurance” is a recognized type of insurance, the marks were registered contrary to Article 7(1)(c) of the 2009 EUTM Regulation. In the alternative, Fidelis relied on Article 7(1)(d); signs that have become customary in the language. Fidelity contested that it does not follow that FIDELITY is descriptive of “insurance services.”

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93 This provision is now found at Article 7(1)(c) of the 2017 EUTM Regulation.
94 This provision is now found at Article 7(1)(d) of the 2017 EUTM Regulation.
The High Court agreed with Fidelis that the trademarks were invalid insofar as their specification of goods and services cover “fidelity insurance” and as such, this category of goods must be excluded. The objection under Article 7(1)(c) of the 2009 EUTM Regulation was addressed and resolved by: (i) declaring that the trademarks were invalid insofar as they were registered in respect of “fidelity insurance” and (ii) directing that the specifications be amended to replace “insurance services” with “insurance services except fidelity insurance.”

**Specification of the Services**

Fidelity claimed that the insurance services provided by Fidelis are identical to “financial services,” which incorporates insurance services. Citing *Omega v. Omega*, the High Court held that terms in specifications of goods and services should be given their ordinary and natural meaning. Nonetheless, terms should not be interpreted so liberally that they become unclear and imprecise.

Here, insurance services are within the core of the ordinary meaning of “financial services,” and it is commonplace for one term in a specification of goods or services to be a subset of a second term. The Nice Agreement is an agreement as to classification but not as to the effect of classification, as per Article 2(1). Class has no bearing on the interpretation of terms in specifications of goods or services. However, if Fidelity could succeed in relation to “insurance services” then it could not succeed merely because “financial services” are interpreted to include “insurance services.”

Fidelis maintained that the trademarks were invalid on the grounds of lacking sufficient clarity and precision. Fidelis argued that “financial services” was too general and covered services that are too variable to be compatible with the trademarks’ function as indicating of origin. The High Court concluded that it was arguable that the trademarks are invalid insofar as they are registered for “financial services,” depending on the answers to the questions referred to the CJEU in *Sky v. Skykick*.

**Revocation for Non-use**

Fidelis also argued that two of Fidelity’s trademarks should be revoked for non-use insofar as they are registered for “insurance services.” Given, however, that it had been concluded that “financial services” do include insurance services, Fidelis must be treated as attacking the registrations for non-use insofar as they are registered for insurance services within “financial services.” Fidelis also disputed that Fidelity had used FIDELITY as a trademark in relation to any insurance services. In the alternative, Fidelis

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95 *Omega Engineering Incorporated v. Omega SA (Omega AG) (Omega Ltd)* [2010] EWHC 1211 (Ch) (May 28, 2010).
contended that the specifications should be restricted to the specific services.

The High Court considered that the most relevant consumers would be benefit consultants and human resources professionals, who would view the services as being pensions, investments, and insurance. FIDELITY does denote a continuing service provided by FIL Life within the last five years in relation to annuity services.

Fidelity was, therefore, found to have established genuine use of FIDELITY in relation to pensions, reinsurance, and annuity; however, “insurance services” covers a broad range of services, capable of being divided into a number of different categories. Accordingly, the extent of Fidelity’s use did not justify the trademarks remaining registered for “insurance services.” A fair specification was held to be “pension-related insurance services.” Two of the trademarks were therefore revoked for non-use in relation to “insurance services” other than “pension-related insurance services.”

**Infringement**

Fidelity claimed that Fidelis had infringed each of the trademarks under Article 9(2)(b) of the 2009 EUTM Regulation. It was not in dispute that Fidelity is inherently distinctive in relation to “investment services,” “insurance services except fidelity insurance,” and “financial services.” Fidelis accepted that Fidelity had an enhanced distinctive character acquired through use in relation to retail investment services. There was also no real dispute that there is a high degree of visual similarity between FIDELITY and FIDELIS, especially as the first six letters are identical. Since consumers read from left to right, a difference in the endings of words is less significant than a difference at the beginning. The High Court deemed the names to be aurally similar but that the degree of similarity was less in the case of the visual comparison. The names were also held to be conceptually similar given the commonality of the Latin roots of the word. There was no dispute that the services are identical to “insurance services” and identical to “financial services,” as interpreted. They are not identical to “pension-related insurance services,” but they are moderately similar.

The “average consumer” for the purposes of Fidelity’s infringement claims was held to be a consumer of the relevant services who is familiar with, exposed to, and relies on the trademarks. Despite the similarity between the names and the services, there was no likelihood of confusion as a result of the high degree of knowledge, care, and attention exercised by the average consumer for these services.

Under Article 9(2)(c) of the 2009 EUTM Regulation, two of Fidelity’s marks were held to have a reputation in relation to “retail
investment services” and “pensions structured as unit-linked insurance policies.” The average consumer would make a link between FIDELIS and FIDELITY, but the specialist nature of Fidelis’s services and the knowledge, care, and attention of its consumers meant that Fidelis’s use of FIDELIS had not damaged the distinctive character of the FIDELITY trademark.

3. Italy—Italian Supreme Court—In what circumstances is a trademark application filed in bad faith?

In a 2018 decision concerning the trademark of a local radio station,96 “Radio Vicenza,” the Italian Supreme Court took the opportunity to provide guidance for the assessment of bad faith claims under Article 19(2) of the Italian Intellectual Property Code (“IPC”) (corresponding to Article 59(1)(b) of the 2017 EUTM Regulation and/or Article 3(2)(d) of the 2008 TM Directive.

The case concerned an application filed in the 1980s by the plaintiff, Editrice Radio Vicenza (ERVI), for the trademark RADIO VICENZA, which was then used in relation to a radio station. ERVI subsequently failed to renew the registration, and in 1998 the trademark expired. ERVI continued using the trademark for some years after the mark had expired, subsequently abandoning it altogether in 2001.

In 2007, after fruitless negotiations with ERVI concerning a possible joint venture in relation to the use of the RADIO VICENZA trademark, the defendant Radio RVA filed for a new trademark for RADIO VICENZA and began using it for a radio station.

ERVI filed invalidity proceedings before the Court of Venice against RVA’s RADIO VICENZA trademark, based on both the conflict with its alleged earlier rights in the sign at issue, as well as a claim that the later mark had been filed in bad faith. ERVI argued that the fact that RVA had filed the mark only after the failure of negotiations related to the use of the mark RADIO VICENZA was uncontestable evidence of bad faith by RVA.

Both the Court of Venice and the Court of Appeal of Venice dismissed ERVI’s claim. On final appeal, the failure to establish bad faith was confirmed by the Italian Supreme Court in its judgment of April 30, 2018. In its judgment, the Supreme Court identified some typical cases of bad faith filing under Italian law, all with one thing in common: the trademark applicant was aware that his/her application clashed with a third party’s legitimate expectations in relation to the sign at issue. The list of potential grounds that may amount to bad faith included where a trademark application was filed:

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96 ERVI S.a.s v. Radio Riva S.r.l., Case No. 10390/2018 (Italian Supreme Court, April 30, 2018).
(i) knowing that a third party is about to file an application for that mark;
(ii) in relation to a mark that is about to become well-known;
(iii) to prevent a third party from using the sign; and
(iv) where the sign, although no longer used (and hence invalid), was still remembered by the public.

According to the Supreme Court, the Radio Vicenza case did not fall within this list. First, ERVI had not proved that it had legitimate expectations on the filing of the new trademark RADIO VICENZA and, in particular, it had not proved that it was about to file an application for that trademark. ERVI also failed to demonstrate that, when Radio RVA filed its new trademark application for “Radio Vicenza,” the public still remembered its RADIO VICENZA trademark. The mere abandonment by ERVI of the RADIO VICENZA trademark was sufficient to rule out any bad faith.

Finally, while negotiations between parties may lead to a bad faith filing case when the applicant takes advantage of information gained from the negotiations themselves, the situation in the case at issue was different. According to the decision, the only information that Radio RVA needed in its decision to file the contested mark was that ERVI, at the time of the negotiations, no longer had trademark rights on the sign “Radio Vicenza.” This information, stressed the Court, was publicly available at the filing date, and therefore its use did not amount to bad faith.

4. Spain—Appeal Court of Barcelona—Does the licensee of trademark purportedly licensed but that did not, in fact, exist have the right to file for the equivalent mark in its own name?

In its Judgment No. 209/2018 of April 4, 2018, in Appeal No. 151/2016, the Appeal Court of Barcelona ordered the transfer of a disputed trademark from the defendant to the plaintiff, even though the plaintiff had purported to authorize the use of such mark to the defendant when the trademark was not in fact registered.

The claimant LRS Formula SARL, a company owned by Formula 3 racing driver Laurent Redon, is the owner of French Trademark Registration No. 3460109 LRS FORMULA LAURENT REDON SPORT filed on October 31, 2006. It brought a legal action in Spain alleging fraud and bad faith to claim the ownership of Spanish Trademark No. 3007637, LRS FORMULA, registered by D-LA Assessors Osona S.L.

The defendant, D-LA Assessors Osona S.L., is a firm of legal consultants and economists, who filed a Spanish Trademark on behalf of one of its clients, Osona Team Competico SL, a company
dedicated to the rental of competition vehicles and the organization of races, championships, and competition driving courses in Spain.

Mr. Laurent Redon was the owner of the Spanish company LRS Formula Espana S.L. and on October 17, 2011, had sold 85% of the shares to Osona Team Competico SL. The contract of sale included a license of the Spanish and Portuguese trademarks LRS FORMULA. The day prior to the signature of the public deed the Spanish purchasers had asked Mr. Laurent Redon to provide a copy of the licensed trademarks and he had sent a copy of the French Trademark Registration.

The share sale agreement included a clause stating that “the selling party will exclusively transfer the use of the trademark LRS FORMULA in Spain and Portugal without limitations to the company LRS FORMULA ESPAÑA SL for a period of seven years.”

Shortly after the signature of this agreement, the buyer of the shares realized that the trademark LRS FORMULA of which they were licensees was not registered in Spain and asked his legal advisors to file a trademark application for the mark, which they did in their own name.

On December 14, 2012, the French plaintiff filed an application for EUTM No. 11427201, LRS FORMULA, and discovered the existence of the Spanish Trademark after the Spanish company filed an opposition.

In March 2013, the Spanish company filed a legal action before the first instance court against the French company to recover part of the amount they had paid, arguing that a proportion of the price should be attributed to the trademark license, and that the Spanish licensed mark did not, in fact, exist. In July 2013, LRS Formula SARL filed a legal action in Spain before the Commercial Courts claiming (i) the ownership of the trademark based on fraud and (ii) the invalidity of the trademark based upon bad faith.

The defendant counterclaimed that it was the plaintiff who had acted in bad faith, since he had purported to license a trademark that he did not, in fact, own. In addition, the defendant relied upon Article 47 of the Spanish Trademark Act, which states that, unless otherwise stated, the sale of the company includes the sale of the trademarks. As such, by acquiring 85% of the shares of LRS Formula S.L., it should be understood that they also acquired the trademark rights of this company, which had been using the trademark in Spain for many years, while still under the authorization of the French proprietors.

On December 21, 2015, Commercial Court No. 8 of Barcelona upheld the complaint and ordered the transfer of the Spanish Trademark to LRS Formula SARL. The Spanish company appealed the judgment before the Appeal Court of Barcelona.

The Appeal Court of Barcelona confirmed the judgment and ordered the transfer of the trademark. In coming to its judgment,
the following facts were considered decisive: the plaintiff was the creator of the trademark, which coincided with his name and had been registered in France since 2006, the defendant had never informed the plaintiff that he had registered the trademark in his own name, the contract signed between the parties included a license to use the mark but did not have the effect of a transfer of ownership of the mark, so the defendant already knew and by signing the license agreement effectively admitted that the trademark belonged to the plaintiffs. The Court also stated that the provisions of Article 47 did not apply because the contract signed between the parties clearly showed that the Spanish company had been authorized to use the trademark but was not entitled to register it in their own name.

The Appeal Court also considered it relevant that the Spanish partners were seeking financial redress against the French company at first instance, arguing that it had paid for a license of a trademark registration that did not exist. Such an argument demonstrated that the defendants knew that they had no right to register the trademark in their own name.

V. USE OF A TRADEMARK

A. Introductory Comments

Use of a trademark is an issue that often lies at the heart of many thorny questions of EU trademark law. Questions of use may arise in a wide variety of ways, including how (manner, form, and intention), when (duration) and where (territory) a trademark has been used, in relation to what goods and services (as against specification), as well as how such use is perceived by the average consumer and the consequences arising from such perception. Accordingly, this Part V encompasses a broad range of cases, all of which all have the common theme of “use of a trademark.”

As noted in Part II of this Report, trademarks that may initially be lacking distinctiveness, that are descriptive, or that might be considered generic 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(3) of the 2017 EUTM Regulation and Article 3(3) of the 2008 TM Directive).97

In relation to use more generally, neither the 2008 TM Directive nor the 2017 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 indeed any) use of the trademark upon renewal of the registration, or at any other periodic interval. Nevertheless, the EU trademark

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97 This provision is now found at Articles 4(4) and 4(5) of the 2015 TM Directive. Note the new wording inserted into the second sentence of Article 4(5) of the 2015 TM Directive.
regime operates on a “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.

Aside from acquired distinctive character, the question of whether or not a mark is in use at any given time most commonly arises 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 2008 TM Directive. (In the 2015 TM Directive, see Articles 17, 44, and 46.)

Finally, the topic of “use of a trademark” also provides the background to a question referred to the CJEU on the legal status of the subsequent “use” of a national trademark which had been surrendered following a claim to seniority under Article 34(2) of the 2009 EUTM Regulation (now Article 39 of the 2017 EUTM Regulation).

The cases analyzed in this Part V reflect the above considerations. The long-running dispute over the shape of the four-finger Nestlé KIT KAT chocolate bar provided the CJEU with the opportunity to distinguish between proof of use resulting in acquired distinctiveness across the entire EU (rather than merely a substantial part) and the means of such proof. A similar conclusion was reached by the CJEU in relation to the use of a trademark consisting of colored stripes. The CJEU was asked by the Federal Court of Justice of Germany whether the subsequent use of a trademark that had been surrendered following a claim to seniority could be deemed use in support of the validity of the claim to
seniority. Finally, two cases from Germany and Austria considered whether the use of a mark as a “quality seal” was genuine use in accordance with the essential function.

**B. Legal Texts**

**Article 7 of the 2017 EUTM Regulation**

**Absolute grounds for refusal**

1. The following shall not be registered:

   (a) . . .

   (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;

   . . .

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) . . .

   (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.

(2) (. . .)

(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. (emphasis added)

(. . .)

**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 2009 EUTM Regulation.)
Article 47 of the 2017 EUTM Regulation

1. 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.

2. 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

1. 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 57 of the 2017 EUTM Regulation

1. 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.

2. 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 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

1. 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 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]

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98 Namely, infringement actions and actions for compensation in respect of post-publication, pre-registration acts.
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.

( . . . )
Article 14 of the 2008 TM Directive

Establishment a posteriori of invalidity or revocation of a trade mark

Where the seniority of an earlier trade mark which has been surrendered or allowed to lapse is claimed for a Community trade mark, the invalidity or revocation of the earlier trade mark may be established a posteriori.

Article 39 of the 2017 EUTM Regulation

Claiming seniority of a national trade mark in an application for an EU trade mark or subsequent to the filing of the application

1. The proprietor of an earlier trade mark registered in a Member State, including a trade mark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, who applies for an identical trade mark for registration as an EU trade mark for goods or services which are identical with or contained within those for which the earlier trade mark has been registered, may claim for the EU trade mark the seniority of the earlier trade mark in respect of the Member State in or for which it is registered.

2. ( . . .)

3. Seniority shall have the sole effect under this Regulation that, where the proprietor of the EU trade mark surrenders the earlier trade mark or allows it to lapse, he shall be deemed to continue to have the same rights as he would have had if the earlier trade mark had continued to be registered.

4. The seniority claimed for the EU trade mark shall lapse where the earlier trade mark the seniority of which is claimed is declared to be invalid or revoked. Where the earlier trade mark is revoked, the seniority shall lapse provided that the revocation takes effect prior to the filing date or priority date of that EU trade mark.
C. Cases

1. EU—CJEU—Does evidence of acquired distinctive character for an EUTM need to be established throughout the EU, or merely a substantial part of it?

The lengthy legal battle between Nestlé and Mondelez over the shape of the KIT KAT chocolate bar provides yet another key decision in EU trademark law. The decision of the CJEU in Société des produits Nestlé v. Mondelez UK Holdings & Services\(^\text{99}\) relates to the issue of whether, in order to rely on distinctive character acquired through use, a trademark must have acquired such distinctiveness throughout the entire European Union or whether a substantial part thereof can suffice.

In 2002, Nestlé had applied to the EUIPO to register, as an EU trademark, the following three-dimensional sign, being the shape of its KIT KAT (four-finger) chocolate wafer product:

![KIT KAT chocolate bar](image)

The trademark was registered in 2006 but challenged in 2007 by Mondelez (formerly Cadbury), which sought its cancellation. In 2011, the EUIPO’s Cancellation Division upheld the application and declared the mark invalid. Nestlé appealed, and the Second Board of Appeal set aside the Cancellation Division’s decision on the ground that, according to the Office, although the mark at issue was indeed devoid of inherent distinctive character in relation to the goods for which it had been registered, it had acquired distinctive character as a result of the use made of it in the European Union.

Mondelez appealed this decision, which was set aside by the General Court of the EU in its judgment of December 15, 2016, holding that the EUIPO had erred in finding that Nestlé’s trademark had acquired distinctiveness through use in the European Union when use had been established for only a portion thereof. While the trademark had indeed acquired distinctiveness through use in ten EU Member States, the EUIPO failed to examine the relevant public’s perception of the mark in four other Member States and thus erroneously concluded that it had acquired distinctive character throughout the EU.

Nestlé appealed the General Court’s decision to the Court of Justice, arguing that the former had incorrectly ruled that it is necessary to demonstrate the acquisition of distinctive character through use in each EU Member State separately and that this interpretation runs contrary to the unitary nature of an EU trademark. Mondelez also appealed.

The CJEU emphasized that an EU trademark is deemed to have a unitary character and to have equal effect throughout the European Union, and so it follows from the unitary character of an EU trademark that, in order to be registered, a sign must have distinctive character throughout the European Union. Consequently, a mark may not be registered if it is devoid of distinctive character in a part of the European Union. Article 7(3) of the 2009 EUTM Regulation, which permits the registration of signs that have acquired distinctive character through use, must be interpreted in light of this requirement.

The CJEU recalled its case law according to which a sign devoid of intrinsic distinctive character may not be registered as a trademark in the European Union unless proof is provided that it has acquired distinctiveness in the part of the EU, where it was not previously considered distinctive, specifying, moreover, that this part may consist, if need be, of a single Member State.

The CJEU thus found that in order to register a mark that is *ab initio* devoid of distinctive character in all Member States, it does not suffice to prove that it has acquired distinctive character through use in only a part of the EU, even a significant part thereof, but rather it is necessary to prove that it has acquired distinctive character through use throughout the territory of the European Union.

Nonetheless, the CJEU added that while the acquisition of distinctive character through use must be demonstrated for that part of the Union in which the mark was not previously considered distinctive, it would be excessive to require that such proof be produced for each Member State individually. The Court emphasized the distinction between the facts that must be proven (the acquisition of distinctive character through use), and the means of proof capable of demonstrating these facts.

The CJEU recalled that there is no provision of the 2009 EUTM Regulation requiring that proof of distinctive character through use be established for each Member State individually. It is thus possible for proof of acquired distinctiveness through use to be relevant for several Member States or even the EU as a whole. It

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100 This provision is now at Article 7(3) of the 2017 EUTM Regulation.


may also be possible, for certain goods or services, for economic operators to group together several Member States within the same distribution network and treat them, in particular for purposes of their marketing strategies, as constituting a single (national) market for all intents and purposes. In this case, the elements of proof of use of a sign (and consumer perception of that use) would be capable of being relevant for all Member States concerned in that market.

For the purpose of registering a mark initially devoid of distinctive character in the EU, even though it is not necessary to produce proof of the acquisition of distinctiveness through use for each individual Member State, the proof presented must still demonstrate that the mark has acquired distinctive character throughout the EU as a whole. The General Court had thus been correct to overturn the Board of Appeal’s decision finding that the disputed mark had acquired distinctive character through use in the EU without specifically ruling on the acquisition by the mark of distinctive character in Belgium, Ireland, Greece, and Portugal.

Following judgment, the case has been remitted to the Board of Appeal to consider the relevant evidence and determine whether distinctive character has, in fact, been established, taking into account the guidance from the CJEU on the correct test to be applied in relation to that issue.

2. EU—CJEU—Was the evidence in respect of acquired distinctiveness sufficient to show use throughout the EU so as to demonstrate that the mark would be understood as an indication of origin?

The ruling of the CJEU in Basic Net SpA v. EUIPO\(^\text{103}\) (Case C-547/17) on September 6, 2018, considered the appeal by Basic Net SpA (“Basic Net”) against the decisions of the General Court of the European Union of July 20, 2017\(^\text{104}\) and the First Board of Appeal of EUIPO of August 14, 2015\(^\text{105}\) relating to Basic Net’s application for the registration of the figurative mark shown below for which the Pantone shades Yellow Pantone 7404 C, Orange Pantone 152 C, and Navy Pantone 282 C were claimed for Classes 18, 25, and 26:

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\(^{103}\) Case C-547/17 (September 6, 2018).

\(^{104}\) Basic Net v. EUIPO (Representation de trois bandes verticales), Case T-612/15 (GC, July 20, 2017).

\(^{105}\) Case R 2845/2014-1 (August 14, 2015).
EUIPO refused Basic Net’s application for this mark as lacking distinctive character (Article 7(1)(b) of the 2009 EUTM Regulation\(^\text{106}\)). The First Board of Appeal upheld this refusal, confirming that Basic Net had failed to prove acquired distinctiveness in all Member States of the European Union. On appeal to the General Court, the decision was upheld, with the General Court noting that while Basic Net had shown acquired distinctiveness in four EU Member States (France, Italy, Netherlands, and the UK) on claiming that the mark at issue had also acquired distinctive character through use in five other Member States (Austria, Germany, Belgium, Spain, and Hungary), it had provided, in respect of those five Member States, an affidavit only (sales data of licenses and distributors) and had not corroborated this data with the necessary additional evidence. The General Court therefore confirmed that the evidence produced by Basic Net, taken as a whole, did not prove that the public targeted by the goods and services in question understood the mark as an indication of commercial origin.

On appeal to the CJEU, Basic Net relied principally on a single ground plea of law on the basis of an incorrect application of the rules relating to acquired distinctiveness (Article 7(3) of the 2009 EUTM Regulation) by the General Court and a failure in the obligation to state reasons, arguing that it should have been sufficient to provide evidence of acquired distinctiveness in relation to only a “substantial part” of the EU.\(^\text{107}\) Specifically, Basic Net argued that the four Member States in which the General Court accepted that the mark had acquired distinctiveness made up approximately 40% of the total population of the Union and the affidavits provided were corroborated by this existing evidence of acquired distinctiveness in the Union. Further, the population of the

\(^{106}\) This provision is now at Article 7(1)(b) of the 2017 EUTM Regulation.

neighboring Member States of those four countries, including Malta and Ireland, should be taken into consideration since inhabitants in those Member States (owing to geographic and linguistic proximities) would perceive the mark in the same way.

In the event that this argument was unsuccessful, Basic Net also challenged the finding of a lack of inherent distinctiveness (Article 7(1)(b) of the 2009 EUTM Regulation) and a failure to give reasons for that analysis, as well as a failure to take into consideration another EUTM belonging to it and a failure to take into consideration other marks registered as a combination of colors.

Rejecting Basic Net’s principal plea, the CJEU observed that in the case of a non-distinctive mark, the mark may be registered only if it is shown that it has acquired distinctiveness through use throughout the territory of the Union.\(^{108}\) Citing the *Lindt* judgment,\(^{109}\) the CJEU confirmed that while it would be excessive to require proof of such an acquisition for each Member State individually, it did not follow from that consideration that, where a mark is intrinsically non-distinctive, it is sufficient to prove that a trademark has acquired distinctiveness as a result of use in a significant part of the EU only. Basic Net had not provided any evidence or even any arguments that acquired distinctiveness in relation to the remaining Member State could have been extrapolated from the evidence provided. With respect to the pleas relied on in the alternative, the CJEU dismissed Basic Net’s arguments, reproduced verbatim from those submitted to the General Court, as inadmissible.

The registration of this mark required proof of the acquisition of distinctiveness through use in all Member States and not only in a part of them. The CJEU confirmed that any “shortcuts” in showing acquired distinctiveness only for a substantial part of the EU, without well-founded evidence for remaining Member States, is likely to fail. As with the *Kit Kat* case above, the evidential burden is a high one.

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3. EU—CJEU—Could the subsequent use of a mark that had been surrendered following a claim to seniority be deemed use in support of the validity of the claim to seniority, or was the seniority claim dependent on whether the national mark was liable to revocation at the time it was surrendered?

The decision of the CJEU in Peek & Cloppenburg KG\textsuperscript{110} considers a referral from the German Supreme Court. The cases arise from previous litigation between two parties, both of whom operated under the name Peek & Cloppenburg, effectively from different regions of Germany, one being P&C “Hamburg,” the other P&C “Düsseldorf.”

The background to the dispute was both complex and lengthy. In summary, “Hamburg” had previously been the proprietor of both a German national trademark and an EUTM for the mark “PUC.” It had subsequently claimed the seniority of the German mark under the EUTM. Meanwhile, P&C Düsseldorf claimed it had generated goodwill arising from use of the unregistered mark PUC in Germany, which had accrued prior to the EUTM, but after the registration of the German national trademark owned by P&C Hamburg. In February 2005, P&C Düsseldorf brought an action for cancellation of the German mark PUC on the basis of revocation. In July 2005, P&C Hamburg voluntarily applied to the German Patent and Trade Mark Office for the trademarks to be cancelled. Both parties declared an end to the dispute and the marks in question were cancelled in August 2005. At that time, there had been no challenge to the seniority claim of the EUTM based upon the (now surrendered) German national mark.

P&C Hamburg subsequently started using PUC in Germany, and P&C Düsseldorf issued an infringement action. In its defense, Hamburg relied upon the earlier German seniority date. P&C Düsseldorf argued that the German registration had to be revoked because, before its surrender, it had not been genuinely used. P&C Hamburg contended that the mark should not be revoked because its use in Germany had recommenced.

The Regional Court, Hamburg, granted the action and P&C Hamburg’s appeal before the Higher Regional Court, Hamburg, was dismissed. In its decision, the appeal court considered that P&C Düsseldorf’s application was well founded under paragraph 125c(1) and (2) and paragraph 49(1) of the Markengesetz (Law on the protection of trademarks and other distinctive signs), in that the cancelled German word marks could have been cancelled due to revocation both on the date on which they were cancelled due to

\textsuperscript{110} Hamburg v. Peek & Cloppenburg KG, Dusseldorf, Case C-148/17 (CJEU, April 19, 2018).
surrender and on the date of the last hearing which took place before that court.

P&C Hamburg appealed to the Federal Court of Justice, Germany. The court stated that the appeal court correctly interpreted paragraph 125(c) of the Markengesetz when it held that the conditions for cancelling a mark due to revocation had to be met, not only at the time that the mark was surrendered but also on the date of the last hearing before the court. However, the court was unsure whether the interpretation was compatible with Article 14 of the 2008 TM Directive. The court believed that Article 14 of the 2008 TM Directive does not specify the requirements that may be imposed in order to establish, a posteriori, the invalidity of the earlier national mark.

The question thus arose as to whether P&C Hamburg, after surrendering its German word marks in July 2005, could have used those marks in such a way as to maintain the rights attached to them. The referring court was uncertain about the effect of claiming for an EUTM based on the seniority of an earlier national mark and sought guidance from the CJEU.

The CJEU summarized the referred questions as, in essence, whether Article 14 of the 2008 TM Directive and Article 34(2) of the 2009 EUTM Regulation should be read together so as to prevent an interpretation of national legislation according to which the invalidity or revocation of the earlier national mark (for which seniority had been claimed for the EU mark), could be established a posteriori only if the conditions for that invalidity or that revocation were met both on the date on which that earlier national mark was surrendered (or the date it lapsed), and on the date on which the judicial decision making that finding is taken. Put even more simply, could use of the mark in Germany after the effective date of surrender of the national mark be deemed use in support of the validity of the claim to seniority, or was the question of validity of the seniority claim dependent on the (separate) issue as to whether the national mark was liable to revocation at the time it was surrendered? The CJEU held that the latter interpretation was correct.

In its judgment, the CJEU noted that Article 34 of the 2009 EUTM Regulation makes it possible for the proprietor of an earlier national mark, who applies for an identical mark to be registered as an EU mark to claim the seniority of the earlier national mark in respect of the Member State in which it is registered. According to Article 34(2) of the 2009 EUTM Regulation, the only effect of the claim for seniority of an earlier national mark is that, where the proprietor of that mark surrenders it or allows it to lapse, he is to

111 This provision is now at Article 6 of the 2015 TM Directive.

112 This provision is now at Article 39(2) of the 2017 EUTM Regulation.
be deemed to continue to have the same rights as he would have had
if the earlier trademark had continued to be registered. Article 14 of
the 2009 EUTM Regulation does not stipulate the date that should
be used in order to examine whether the conditions for invalidity or
revocation have been met. The CJEU emphasized that it is clear
that the examination in question is intended to determine
retrospectively whether those conditions had been met on the date
on which the earlier national mark was surrendered or allowed to
lapse. It is not compatible with the 2008 TM Directive or the 2009
EUTM Regulation to require the conditions for the invalidity or
revocation of that mark to also be met on the date on which a ruling
is made on an application seeking to establish, *a posteriori*, that
invalidity or that revocation. The argument that use of a national
mark, after it was surrendered, may have a curative effect to
maintain the rights attached to it had no basis in EU law.

The possibility of making use of a national mark that has been
surrendered was not contemplated nor intended by the 2008 TM
Directive. It is clear from Recital 5113 and Article 1114 that the
Directive applies only to marks that were the subject of a
registration or of an application for registration. A cancelled mark
is no longer in existence in the light of that Directive. It follows from
Article 12(1) of the 2008 TM Directive115 that the use of the mark is
taken into consideration only on the date of the filing of the
application for revocation (possibly brought forward by three
months in the circumstances referred to in the third subparagraph
of that provision). It would therefore be inconsistent with those
provisions to take into consideration use made after the date on
which the proprietor himself declared his surrender of that mark (or
allowed it to lapse). Any use of the sign at issue after cancellation
must be regarded (in law) as use of the EU mark and not of the
cancelled earlier national mark.

4. Germany—Court of Appeal of Düsseldorf—Can
a mark used as a quality seal be perceived as an
indication of origin?

In its judgment of November 30, 2017, in relation to
*Baumwollblüte* (“cotton flower/bloom”), the Court of Appeal of
Düsseldorf declared the following device mark as invalid for lacking
distinctiveness.

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113 Recital 5 of the 2008 TM Directive has not been inserted into the 2015 TM Directive.
114 This provision is now at Article 1 of the 2015 TM Directive.
115 This provision is now found at Articles 19(1) to 19(3) of the 2017 TM Regulation.
Since the mark consisted solely of an image of a cotton flower, it would be perceived merely as a descriptive indication of the material from which the goods concerned were made.

An association of cotton traders had registered the cotton flower device as an individual trademark for goods made of cotton but had not sought to register a collective trademark. The trademark was, however, used as a certification mark by the members of the association with the association’s consent.

In the course of an infringement action against a company using the logo without the association’s consent, the defendant had contested both the distinctiveness and the (genuine) use of the trademark. In relation to genuine use, the Court of Appeal of Düsseldorf had referred the matter to the CJEU. In its decision of June 8, 2017, the CJEU had held that an individual trademark is not genuinely used where it is merely used as a certification mark. A certification mark does not distinguish the designated goods of a particular entity from those of others, since a certification mark is used by multiple parties and cannot indicate exclusive origin.

Guidance having been provided by the CJEU, the Court of Appeal of Düsseldorf had to apply this to the facts of the referring case. Based upon the CJEU’s findings, the mark was held to be invalid, not only for non-use, but also for lacking distinctiveness. As a result of the character of the use of the device as a quality seal, the business circles concerned perceived it merely as an indication of a controlled quality of the goods, rather than an indication of source.

Marks that have been used only as a quality seal by multiple (and separate) entities are not used in accordance with the essential function to guarantee origin. The correct route is to register such signs as a collective mark, or for certification services. Note that the 2017 EUTM Regulation and the corresponding 2015 TM Directive expressly provides for certification marks and provides the opportunity for the owners of individual marks that had been used as a certification mark in the past to re-register them as a certification mark. The route is by no means straightforward, however, since an applicant for an EU certification mark must submit to regulations governing the use of the EU certification

116 Case C-689/15 (June 8, 2017).
mark\textsuperscript{117} as well as provide details of the characteristics certified by the mark, how the certifying body tests those characteristics, how it supervises the use of the mark, the conditions of use, and sanctions for failing to follow such rules.\textsuperscript{118}

5. Austria—Austrian Supreme Court—Was use of a trademark as a seal of quality use in accordance with the essential function?

In its decision \textit{OGH 29.05.2018},\textsuperscript{119} rendered on May 29, 2018, the Austrian Supreme Court considered the issue of genuine use of a trademark and what kind of use is necessary to preserve the rights of the proprietor. The case is of particular interest in the light of the system of guaranty marks and the recent deletion of the Organic logo of the EU.\textsuperscript{120}

The defendant, the Chamber of Agriculture of the Federal Province of Styria, was the registered proprietor of the below Austrian word and figurative trademark registered in Class 29 for “pumpkin seed oil”:

\begin{center}
\includegraphics[width=0.5\textwidth]{image.png}
\end{center}

In 2006, the Chamber had licensed the mark on a no-cost basis to an association named “Gemeinschaft Steirisches Kürbiskernöl g.g.A.” (“Society for the protected geographical indication for Styrian Pumpkin Seed Oil”) for use in relation to the marketing of “Styrian Pumpkin Seed Oil,” provided the pumpkin seed oil had been produced in accordance with the specifications underlying Commission Regulation (EC) No. 1263/96 of 1 July 1996 supplementing the Annex to Regulation (EC) No. 1107/96 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Regulation (EEC) No. 2081/92. The Licensee was responsible for the advertising and sales promotion under the mark and was obliged to enter into contracts with producers of Styrian pumpkin seed oil in order to control and maintain the origin and quality of the licensed production. Licensed producers were entitled to use the trademark to advertise the origin

\textsuperscript{117} See Art. 84 (1) EUTMR.

\textsuperscript{118} See Art. 84 (2) EUTMR.

\textsuperscript{119} 4 Ob 237/17g (Austrian Supreme Court, May 29, 2018).

\textsuperscript{120} Decision of the European Union Intellectual Property Office of March 9, 2018.
and quality of their products by affixing a banderol (a stamp placed around the neck of a bottle) to the bottles. These banderols were a composite design, incorporating the Union Protected Geographical Indication Mark for the province of Styria, overlaid (and partially obscuring) the registered trademark, as below:

The plaintiff, a small Styrian oil mill, applied for cancellation of the trademark, claiming a lack of genuine use of the mark, as neither the trademark owner nor even the direct licensee actually sold Styrian pumpkin seed oil. At first instance, the Austrian Patent Office rejected the application, considering that there had been genuine use of the trademark in Austria. The Court of Appeal reversed this finding, holding that if an individual trademark only functions as a quality seal, it is not in genuine use to guarantee origin.

The Austrian Supreme Court confirmed the approach of the Court of Appeal had been correct. Genuine use of a trademark requires that the trademark is used in its essential function as a guarantee of origin from a single undertaking. Where the mark is used to indicate merely a guarantee of a particular product quality, rather than its origin, it is not sufficient to constitute genuine use. On the facts of this case, the quality control of the proprietor (or its Licensee) was only to indicate compliance with the product specifications to the Union Protected Geographical Indication “Styrian Pumpkin Seed Oil.” If anything, the trademark would only fulfil the requirements of an association trademark in accordance with Article 62 (4) of the Austrian Trademark Act. In coming to its conclusion, the Austria Supreme Court also referred to the CJEU’s decision in Gözze, in which the Court had confirmed that the use of a mark to guarantee the composition or quality of the goods or services but not to guarantee consumers that the goods or services originate from a single producer under whose control they are manufactured (and which, consequently, can be held responsible for their quality), was not use relating to the (essential) function of indicating of origin.

VI. TRADEMARK INFRINGEMENT

A. Introductory Comments

This Part VI 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 VI are all from the EU national courts covering a typically diverse range of issues. The UK High Court considered an infringement action on an expedited basis in a highly compressed timetable, while the Dutch Supreme court considered liability for refilling branded receptacles with third-party product. The Lisbon Court of Appeal confirmed that the use of trademarks in comparative price lists might take unfair advantage by denoting equivalence (other than on price) and the Court of Appeal of Luxembourg confirmed the narrow scope of protection for a mark with weak distinctive character. A fascinating case in Belgium related to the balancing of freedom or artistic impression with the rights of a trademark proprietor to prevent exploitation of such marks. Perhaps reflecting the growing importance of the “online” environment, a considerable number of cases in 2018 explored liability for infringement in that environment, including in relation to search functions, autocomplete, Internet keywords, and clickthrough revenue, as well as determining whether brand owners or Internet Service Providers must bear the cost of preventing access by consumers to online sources of counterfeit goods.

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.

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 has been infringed, initiated in accordance with EU Regulation No 608/2013, 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
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. UK—High Court—Did the use of a later mark create a likelihood of confusion even though that mark was likely to be perceived as a descriptive abbreviation in some circumstances?

   Frank Industries PTY Ltd v. Nike Retail BV et al. 122 concerned Frank’s registered UK and EU trademarks consisting of the letters LNDR, registered for “clothing,” including “sportswear” in Class 25. In January 2018, Nike commenced a new advertising campaign in the UK in which it used the sign LDNR (in some cases alongside other Nike branding such as the Nike “swoosh”). Frank brought a claim of trademark infringement and passing off. Nike counterclaimed for a declaration that the marks were invalid.

   In March 2018, Frank was granted an interim injunction and an expedited trial was ordered, which took place in July 2018—a very short timetable for UK trademark infringement proceedings.

   The High Court turned first to the issue of validity. Nike contended that the marks were invalidly registered by virtue of Article 4(1)(b) and (c) of the 2015 TM Directive and Articles 7(1)(b)

122 2018 EWHC 1893 (Ch) (July 25, 2018).
and (c) of the 2017 EUTM Regulation. It was common ground that the validity of the marks must be assessed as February 19, 2015, (for the UK trademark) and March 10, 2016 (for the EU trademark), except that Frank’s claim for acquired distinctiveness must be assessed as at the date of Nike’s counterclaim, March 26, 2018.

Nike argued that the trademarks were an inherently descriptive abbreviation of the word Londoner. However, it was unable to point to any dictionary or other reference that made such a link at the relevant dates. In contrast, Frank adduced evidence that searches for the term LNDR in 2015 had returned almost no results. Nike was able to adduce some evidence of uses of the hashtags #LNDR and #LDNR on Twitter and Instagram to denote the word “Londoner” but many of these post-dated the relevant dates or may have been influenced by the Nike campaign.

The High Court held that, while the evidence may have shown that, in the appropriate context, LNDR was capable of being used and understood to mean “Londoner,” it did not establish that LNDR would have been perceived by the average consumer as meaning “London” when used in respect of clothing.

Furthermore, Nike’s evidence did not establish that LNDR would have been perceived by the average consumer as denoting some characteristic of clothing. Despite making the argument, Nike failed to identify what characteristic of clothing LNDR was supposed to denote. The Court therefore concluded that LNDR was inherently distinctive in relation to clothing at the relevant date and had a moderately strong distinctive character. The counterclaim therefore failed. Consequently, Nike’s defense under Article 14(1)(b) of the 2017 EUTM Regulation and Article 7(1)(b) of the 2015 TM Directive that the signs or indications that concern characteristics of the goods or services also failed, as LDNR was held not to indicate any characteristic of clothing.

Given that the marks were inherently distinctive, it was not necessary to consider whether the marks had acquired distinctiveness. However, the Court did conclude that the extent of use was not sufficient to give the Marks an enhanced distinctive character. It was sufficient, however, to provide a protectable goodwill.

In relation to infringement, the Court held that the sign LDNR and the marks had a high degree of visual, aural, and conceptual similarity and the goods for which Nike was using the LDNR sign were identical to those for which the marks were registered.

Nike argued, particularly in light of the context of use alongside other Nike trademarks, that the average consumer would perceive LDNR to mean Londoner rather than to denote origin. Again, Nike relied upon a large number of uses of LDNR on social media as an abbreviation for Londoner. The Court accepted that in these examples the sign LDNR was being used as such a shorthand.
However, this was subject to the important caveat that the meaning was typically clear from the context (e.g., alongside an image of a London landmark or in relation to an event taking place in London).

The Court considered each of the different contexts of use by Nike. In each context it was concluded that some consumers would perceive LDNR to mean "Londoner," but, importantly, some would not. Nike was held to be using LDNR in relation to clothing, and it was held that LDNR played an independent distinctive role in or was a distinctive component of each of the uses complained of.

In its assessment of confusion, the Court cited the conditions as set out in *Maier v. ASOS PLC.* Confusion is to be assessed globally, taking account of all factors. This is to be judged through the eyes of the average consumer who is reasonably well-informed, observant, and circumspect but who rarely makes a direct comparison and whose attention varies based on the goods in question. Marks are normally perceived as a whole without analyzing various details; the visual, aural, and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks, while a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa.

The Court concluded that "the distinctive character of the [marks], the close and confusing similarity between the [marks] and LDNR, the identity of the goods and the moderate degree of attention paid by the average consumer all points towards a likelihood of confusion." Even in the presence of the other Nike marks, it was likely that a significant number of consumers would think that the use of LDNR indicated some form of collaboration between Frank and Nike. This conclusion was also reinforced by evidence of actual confusion, including an almost doubling of Internet traffic to and increase in male visitors to Frank’s website, despite it not offering men’s clothing, following the launch of the Nike campaign. There was also a spike in searches on Google for the term “LNDR,” likely because of consumers mistyping “LDNR.” It was held that this could only have been as a result of Nike’s use of LDNR. The claim for infringement was therefore successful. The claim for passing off also succeeded on the basis that it “stood or fell” with the trademark infringement claim.

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124 Frank Industries PTY Ltd v. Nike Retail BV et al. [2018] EWHC 1893 (Ch) (July 25, 2018), para. 117.
125 *Id.* at para. 133.
2. Netherlands—Dutch Supreme Court—Does the act of refilling a branded gas tank with gas from a third-party brand result in the use of the original mark in respect of the goods of that third party?

The Dutch Supreme Court in its ruling of January 5, 2018, in the Primagaz case considered the act of refilling a PRIMAGAZ-branded tank with gas from a tank truck bearing the name and logo of a third party. The Supreme Court held that this constituted use of the “original” branded tank and amounted to trademark infringement.

The Supreme Court first considered that the use of a third party’s trademarked packaging for its own goods was no different from applying that party’s trademark to its own goods (within the meaning of Article 2.20(2)(a) Benelux Convention on Intellectual Property). Filling a fixed gas tank at the request of a customer constitutes trademark use, just as it would filling a gas bottle. In both cases the gas supplier fills an empty packaging bearing a third-party trademark, with its own similar product (gas). This moreover constitutes use in the course of trade. The Supreme Court did, however, emphasize that a trademark owner can only oppose such use if it is detrimental to one of the trademark functions, or has the potential to be so.

In this case, the Amsterdam Court of Appeal had previously ruled that detriment to the origin and quality functions was established. On the facts, it was particularly relevant that the refiller had not applied a label to the gas tank stating that the gas it had filled it with originated from the refiller and not from Primagaz. Hence, third parties confronted with the gas tank could get the impression that the tank contained gas from Primagaz, while Primagaz could not guarantee the quality of the gas, nor compliance with safety requirements or other standard checks.

The Supreme Court also held that there was no exhaustion on the facts, both because the gas tank had remained the property of Primagaz (and did not represent separate economic value), and because the lack of applying a label (or otherwise clarifying that the tank was not filled with Primagaz gas) constituted a legitimate reason for opposing the use in any event.

3. Portugal—Lisbon Court of Appeal—Does the use of trademarks in comparative lists take unfair advantage of the reputation of a trademark by denoting equivalence? Must the reproduction of such marks be “in full form” in order to amount to an infringement?

L’Oréal v. Equivalenza Stores (Case No. 60/16.2)\textsuperscript{127} concerns a case involving the appellant, L’Oréal, who in 2016 filed an infringement action before the Portuguese Intellectual Property Court to require the defendants, all being Portuguese companies operating EQUIVALENZA stores, to cease the use of any reference to L’Oréal trademarks, specifically in comparative lists used in the stores, the Internet, advertising, in perfume bottles and respective packages, and on any such materials.

L’Oréal had argued that the use of the trademarks in comparative lists amounted to trademark infringement,\textsuperscript{128} not least as the nature of the products involved cosmetics, perfumes, and luxury goods, the reputation of which was carefully controlled. L’Oréal also argued that the use of comparative lists, where the price of the goods was the only characteristic genuinely compared, should be considered illegal comparative advertisement,\textsuperscript{129} and amounted to unfair competition.\textsuperscript{130} The IP Court rejected the legal action and acquitted all the defendants.

L’Oréal appealed to the Lisbon Court of Appeal. The Sixth Section of the Lisbon Court of Appeal upheld the appeal stating that the selling of perfumes, notably through verbal use of the trademarks by comparison and through reproduction in comparative lists, constituted an infringement of the holder’s exclusive rights. This commercial strategy, which took advantage of the notoriety of L’Oréal trademarks in order to create a comparison with other perfumes, was found to be illegitimate, as it creates in the mind of consumers an association between the two products and an indication of equivalence, leading the consumer to buy the competitor perfumes because they are equivalent but at a considerably lower price. Such practice also infringed the rules of advertising and constitutes unfair competition. The defendants were prevented from using L’Oréal trademarks in comparative lists or in any other advertising collateral, the Internet or social networks.

\textsuperscript{127} Case No. 60/16.2 (May 10, 2018).
\textsuperscript{128} Article 258 of the Portugal Industrial Property Code.
\textsuperscript{129} Contrary to Article 16 (2) (g) and (h) of the Portugal Advertising Code.
\textsuperscript{130} Article 317 (1) (a) of the Portugal Industrial Property Code.
In a similar case, L’Oréal and Clarins filed a preliminary injunction before the Intellectual Property Court requesting the Court to prevent the defendants (all Portuguese companies operating EKYVAL stores), to cease the use of any reference to L’Oréal and Clarins trademarks, in similar terms to those used in Equivalenza case. The latter case included one small but important difference: the comparative lists were all made available in the website of one of the defendants, the owner of EKYVAL franchise.

L’Oréal and Clarins argued on a similar basis and used a similar argumentation to the Equivalenza case as the facts were essentially the same: the complaint related to the use of the plaintiff’s trademarks in comparative lists. The defendants were ordered to cease use of any references to L’Oréal and Clarins trademarks with immediate effect. However, the defendants did not respect the judgment of the IP Court, as the comparative lists continued to be used as on the website EKYVAL with some minor alterations, so that the L’Oréal and Clarins trademarks were used in abbreviated forms, such as L V E BELLE, A AMOR, TRES, MIRAC, or YSL/KOU. It was not difficult to conclude that such abbreviated forms corresponded to the well-known trademarks LA VIE EST BELLE, AMOR, TRÉSOR, MIRACLE, and Yves Saint Laurent KOUROS.

L’Oréal and Clarins initiated an executive action to seek enforcement of the preliminary injunction, and to obtain the removal of the comparative lists from the website, since such use amounted to trademark infringement (even in abbreviated form). At first instance, the IP Court rejected the executive action, considering that only the full reproduction of the trademarks would be considered trademark infringement. L’Oréal and Clarins filed a notice of appeal with the Lisbon Court of Appeal. The Second Section of the Lisbon Court of Appeal upheld the appeal, but the defendants filed a notice of appeal to the Supreme Court of Justice. The Seventh Section of the Supreme Court of Justice rejected the appeal, effectively agreeing with the judgment of the Lisbon Court of Appeal that the abbreviated form of use still constituted an act of infringement. The Supreme Court of Justice considered that the obligations of the defendants were established by the preliminary injunction judgment: the defendants could not use L’Oréal and Clarins trademarks in any circumstances, notably through any references. Such references should not be understood solely as full reproduction of the trademarks, as the partial reproduction, directly or indirectly related with L’Oréal and Clarins trademarks, was not permitted either.

The Supreme Court judgment established that a trademark is a sign, capable of graphic representation, that aims to distinguish

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131 Case 346/15.3 (July 5, 2018).
products or services in the market, frequently used to attract and retain consumers. In a market where worldwide dissemination is easy and competition is severe, the individuality of a certain product or trademark is paramount, in order to generate a distinctive and innovative impression to avoid risk of association with other products or trademarks. This distinctive function of the trademark justifies preventing the use of a similar sign, which might lead to error or confusion. Since the defendants were prohibited from using L’Oréal and Clarins trademarks, such prohibition naturally includes the use of abbreviations, codes, partial forms or allusions that created an association by the average consumer to those trademarks. As such, the use of abbreviations, which had been demonstrated to correspond to the plaintiffs’ perfume trademarks, was capable of generating confusion in the average consumer, constituting trademark infringement and a violation of the preliminary injunction judgment. The above cases were the culmination of a long battle by L’Oréal and others against “low cost perfumeries” in Portugal.

4. Benelux—Court of Appeal (Luxembourg)—Does the use of a pre-existing domain name infringe an earlier trademark registered for similar services where the earlier mark has only a weak degree of distinctive character?

The decision of the Benelux Court of Appeal (Luxembourg) of June 6, 2018, No. 72/18 IV-COM case\textsuperscript{132} concerned an infringement claim by the French and Belgian holders of an EU trademark HIPAY and the domain name “www.hiPAY.com” (the “appellant”) against the Luxembourg and Bulgarian holders of the domain name “www.iPAY.eu” (the “defendant”). Both the appellant and the defendant were using the trademark and the domain names in relation to similar online payments and e-money services. The similarity between the services was not contested by the defendant. The infringement claim was brought by the appellant and proprietor of the mark HIPAY against the holders of the domain name “www.iPAY.eu,” arguing a likelihood of confusion between the trademark and the domain name under Article 9(1)(b) of the 2009 EUTM Regulation.\textsuperscript{133} The defendant argued that the trademark HIPAY was descriptive and devoid of any distinctive character under Articles 7(1)(b) and (c) and Article 52(1)(a)\textsuperscript{134} of the 2009 EUTM Regulation but was also invalid due to the previous registration of the domain name under Article 53 of the 2009 EUTM

\textsuperscript{132} Case 72/18 IV-COM (Luxembourg Court of Appeal, June 6, 2018).

\textsuperscript{133} This provision is now at Article 8(1)(b) of the 2017 EUTM Regulation.

\textsuperscript{134} This provision is now at Article 59(1)(a) of the 2017 EUTM Regulation.
At first instance, both the defendant’s counterclaim and the trademark proprietor’s infringement claim were dismissed.

On appeal, the Court of Appeal considered that the challenge to the descriptive and non-distinctive character of the trademark HIPAY failed. Although the trademark HIPAY was evocative of payment services, the Court of Appeal considered that the trademark had to be regarded as distinctive (even if weakly) because of the unusual combination of the terms “HI” and “PAY.” The Court of Appeal also dismissed the argument based on the prior registration of the domain name “www.iPAY.eu,” as there was no evidence establishing that the domain name had actually been used by the defendant prior to the critical date.

In respect of the claim for infringement, the Court of Appeal succinctly noted that the trademark and the domain name (as well as the services covered by those signs) were similar. Nevertheless, the claim for infringement failed. This was because the “iPAY” sign within the domain name “www.iPAY.eu” did not contain any memorable or predominant element in relation to the services offered. The use of “www.iPAY.eu” did not infringe the trademark HIPAY because, since it lacked any distinctive features, the use of the domain name did not create a likelihood of confusion with the (weakly distinctive) HIPAY trademark.

5. Belgium—Brussels Commercial Court—Is an artist entitled to invoke his freedom of artistic expression as a justification to use a trademark without the proprietor’s consent?

The Brussels Commercial Court considered a dispute between Moët Hennessy Champagne Services (MHCS) and a Belgian artist and between two types of fundamental rights, namely (intellectual) property rights and freedom of (artistic) expression. The artist had integrated MHCS’s trademark into a number of works, using it to symbolize what was described as “a hedonistic and somewhat decadent lifestyle.”

While MHCS was prepared to recognize the artist’s freedom of expression, the company was not willing to allow its trademark to be used in a series of canvases and a clothing line sold under the sign DAMN PÉRIGNON COLLECTION (a collection described as intended to both promote the artist’s work and pay homage to MHCS). MHCS sued for trademark infringement in order to seek an injunction to stop sales and advertising of the clothing line and paintings under the name DAMN PÉRIGNON COLLECTION.

The Brussels Commercial Court ruled as follows.

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135 This provision is now at Article 60 of the 2017 EUTM Regulation.
1. The clothing line

The court referred to Article 2.20(1)(c) of the Benelux Convention on Intellectual Property (BCIP), which is the equivalent of Article 9(2)(c) of the 2009 EUTM Regulation. The court reasoned that while the expression “DAMN PÉRIGNON” was not strictly use of a registered trademark, its use on clothing was prominent and, consequently, constituted use “as a trademark.” Moreover, even if consumers could perceive the sign as being purely decorative or an “homage,” such use could nonetheless constitute trademark infringement, in particular due to the degree of similarity with the Dom Pérignon marks.

Further, the use of a mild swear word (DAMN) and the “boudoir” context (which conjured erotic images and association) adversely affected the image of quality, luxury, and tradition which the DOM PÉRIGNON marks are intended to guarantee. Thus, use of the sign “DAMN PÉRIGNON” harmed the reputation of the DOM PÉRIGNON brand.

Use of the DAMN PÉRIGNON sign on clothing could indicate to the average consumer the origin of the goods. Such use took unfair advantage of the reputation of the well-known DOM PÉRIGNON trademark and could moreover contribute to dilution of the brand.

In the artist’s defense, the artist had raised the artistic exception provided for in Article 10 European Convention of Human Rights and Article 11 of the EU Charter of Fundamental Rights, arguing that this constituted “due cause” to use the DAMN PÉRIGNON sign (Article 2.20(1)(d) BCIP).

“Due cause” within the meaning of Article 2.20(1)(d) BCIP requires a balancing of the respective parties’ interests. The court noted that the clothing was being sold to generate a profit or to promote the artist’s reputation. The inclusion of disclaimers, the artist’s own contribution and the allegedly low number of “knock-offs” were all insufficient to justify due cause as they do not prevent the creation of a link between the mark and the sign or transfer of the brand’s (prestigious) image. These are purely commercial choices that can vary from one situation to another.

The court further noted that there was no question of an artistic satire or use of the mark for purposes of parody: the goods in question were not intended to denounce negative social practices on the part of Dom Pérignon. In conclusion, MHCS’s interest in protecting the distinctive character of its marks as well as its own image and reputation prevails over the possibility for the defendant to use these signs to sell clothing.

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This provision is now at Article 9(2) of the 2017 EUTM Regulation.
2. The series of paintings

The analysis was not quite so clear cut with respect to the series of paintings. The court noted that the use made of the DAMN PÉRIGNON sign on the canvases was not intended to indicate their commercial origin and therefore such use was not “trademark use” to distinguish goods (Article 2.20(1)(d) BCIP). As such, assuming freedom of artistic expression constitutes due cause, the artist could be permitted to use the DAMN PÉRIGNON sign in the paintings.

The court nonetheless noted that there is a potential conflict between two fundamental rights, specifically intellectual property rights (trademark rights) and freedom of expression, and that it is necessary to strike a balance between the two. The court thus decided to ask the Benelux Court of Justice to rule on two preliminary questions regarding the interpretation of “due cause” within the meaning of Article 2.20(1)(d) BCIP and, in particular, the criteria that the national courts should take into account when balancing these fundamental rights.

6. Germany—Federal Supreme Court—Court of Appeal Frankfurt—Use of a trademark in respect of Autocomplete and the nature of results generated on a search for a particular trademark on Amazon’s platform.

In three decisions of 2018, the Federal Supreme Court and the Court of Appeal of Frankfurt ruled on trademarks used as keywords in a variety of ways in Amazon’s internal search engine.

*Federal Supreme Court—“goFit” auto-complete function*

In its decision of February 15, 2018, the Federal Supreme Court held that the use of a trade name as a keyword that leads to a list of automatic completed keyword supplements was not unlawful if the completed variants of the keyword only suggested alternatives to the products of the company whose trade name was used as keyword.

The plaintiff sold mats for food reflexology under the trademark “goFit Gesundheitsmatte.” The mats were not available on Amazon’s platform, but if “goFit” was entered into Amazon’s internal search engine, a drop-down menu was opened that contained the search suggestions “gofit mat,” “gofit health mat,” or “gofit food reflexology mat,” as shown below:

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137 Case I ZR 201/16 (Federal Supreme Court, February 15, 2018) (goFit).
When clicking on these search suggestions, comparable products of other competitors were presented to the user that are available on the platform of Amazon. However, the plaintiff only contested the Autocomplete effect of the search engine, not the fact that clicking on the search suggestions would show competitive offers. The Federal Supreme Court did not accept that such acts amounted to trademark infringement because the drop-down menu showed only search suggestions that referred to the plaintiff and its food reflexology mats (i.e., did not show competitor products), while the links to the underlying offers of competitors had not been contested.

**Federal Supreme Court—“Ortlieb”**

On February 15, 2018, the Federal Supreme Court considered the *Ortlieb* case, confirming that listing third-party trademarks in the “result list” generated by Amazon’s search engine upon entering the plaintiff’s trademark as a search term did not infringe that trademark.

In this case, submitting a search for the trademark ORTLIEB on Amazon’s internal search engine generated a list of results that included third-party trademarks such as VAUDE, as shown below. The owner of the ORTLIEB trademarks sued Amazon for trademark infringement.

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138 Case I ZR 138/16 (Federal Supreme Court, February 15, 2018) (ORTLIEB).
The Federal Supreme Court confirmed that the ORTLIEB trademark had been used by Amazon in commerce. The keyword, once entered into the search engine, caused the link to the third-party result. Although the search results were automatic, it was Amazon who provided this function and hence "used" the mark ORTLIEB. However, the use of the mark in the search engine did not affect the trademark's function as an indication of origin, so
there was no finding of infringement. The mere fact alone that the results list contained third-party trademarks was not sufficient. The Federal Supreme Court referred to CJEU case law and in particular the CJEU’s finding in *Interflora*\(^\text{139}\) that a trademark’s function as an indication of origin was not affected if the average Internet user knows that the third-party trademark shown in the result list referred to a competitive product. It was only where the average Internet user did not know this fact that the trademark’s essential function as an indication of origin could be affected, or where he did not know or was unclear whether the trademarks listed in the result list originated from the proprietor or from a third party. In relation to Amazon’s internal search engine, the Federal Supreme Court assumed that the Internet users know from experience that result lists would include references to competitor products and particularly so where competitive products were clearly identified by a different third-party trademark.

The decision raises the interesting question as to whether Amazon was using the plaintiff’s trademark by providing algorithms that prompted the listing of competitor’s products when searching against the trademark. The Federal Supreme Court confirmed that Amazon had “used” the trademark, as it had caused the link by designing the search engine in a particular way. Strictly speaking of course, it is not the design and use of algorithms that connects keywords and trademarks that establishes the use of the trademark by Amazon, but rather the fact that the link leads to the listing of the competitive products without any contribution from the competitor—a position that can be contrasted to sponsored links in search engine keyword advertising.

*Court of Appeal of Frankfurt—“Birki”*

In its decision of April 11, 2018,\(^\text{140}\) the Court of Appeal of Frankfurt held that the use of a trademark as a keyword in Amazon’s internal search engine did not constitute trademark infringement where the results list generated included products of the trademark owner that were sold under a different trademark.

The case concerned the entry of the trademark “Birki” into Amazon’s internal search engine, which generated a list of results that included the trademark “Birkenstock.”

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\(^\text{139}\) Interflora Inc v. Marks & Spencer PLC, Case C-323/09 (CJEU, September 22, 2011).

\(^\text{140}\) Case 6 W 11/18 (Court of Appeal of Frankfurt, April 11, 2018).
Both trademarks belong to the same company. The owner of the trademarks sued Amazon for trademark infringement.

The Court of Appeal of Frankfurt ruled that the inclusion of “Birkenstock” offers in the “Birki” result list did not affect the function of the “Birkenstock” trademark as an indication of origin, as the “Birkenstock” products originate from the owner of the “Birki” trademark. As such, the use of “Birki” did not lead to a reference to the products of a different company. The Court of Appeal of Frankfurt also pointed out that the inclusion of “Birkenstock” offers in the “Birki” result list did not affect the advertising function of the “Birkenstock” trademark as the CJEU had already confirmed in Inteflora\textsuperscript{141} that the advertising function was not affected by keywords.

Finally, The Court of Appeal pointed out the inclusion of “Birkenstock” offers in the “Birki” result list did not affect the investment function of the “Birkenstock” trademark because there was no indication that the plaintiff had built up a particular image for the “Birkenstock” trademark. This would be different if the trademark owner had made investments to single out a particular trademark from the other trademarks of his portfolio by attributing

\textsuperscript{141} Interflora Inc. v. Marks & Spencer PLC, Case-323/09 (CJEU, September 22, 2011).
a particular image to that trademark. This could be the case if, for example, the trademark owner was producing a “luxury” and a “standard” version of a product, sold under different, separately promoted trademarks. In such circumstances, it would be important that the use of the keyword did not transfer the image of the luxury product to the standard product (or vice versa).

7. Italy—Court of Appeal of Milan—To what extent can keyword advertising impact upon the essential function of a trademark?

On April 19, 2018, the Court of Appeal of Milan gave judgment in Infinity Motion v. Velux Italia, an interesting decision that considered the effects of a keyword advertisement campaign run on Google by Velux Italia, the Italian branch of the famous Danish company specializing in skylights and roof windows.

The keyword on which the sponsored advertisements were generated was SOLATUBE, a registered trademark owned by the U.S. company Solatube and registered for solar tubes, among other goods. The advertisements generated on the search term “SOLATUBE” did not reproduce the trademark exactly (for example, “Solar Tubes from 378 Euro—Bring the light into the darkest rooms www.velux.it—Increase your home value with Velux”). The online advertisements were displayed, under the heading “sponsored link,” as the first search results for the keyword “SOLATUBE.”

Solatube’s Italian distributor, Infinity Motion S.r.l., had filed a trademark infringement action against Velux Italia before the Court of Milan, but its claims were rejected. The Court of Appeal upheld the first instance decision, confirming that the use of the keyword at issue did not adversely affect any of the protected functions of the SOLATUBE trademark.

The Court of Appeal started by assessing the possible harmful effects of such advertisements on the essential function of indicating origin. In this respect, the Court firstly pointed out that the well-informed and reasonably observant Internet user is aware that search results may include sponsored links. Secondly, the Court added that both the wording of the ads and its links to Velux Italia’s website ruled out any likelihood of confusion. Indeed, in the Court’s view, such factual elements clearly indicated to the relevant public that the advertised products originated from a third party and constituted alternatives to those offered under the SOLATUBE trademark.

The Court of Appeal also denied that Velux’s ads would adversely affect the advertising function of the SOLATUBE trademark even if the use of the keyword may force Solatube to intensify the promotional efforts concerning its trademark.
The decision is consistent with the CJEU case law in this area (in particular, with the Google France\textsuperscript{142} and Interflora\textsuperscript{143} decisions). It is worth noting, however, that the Court of Appeal of Milan did not have to deal with a claim of unfair advantage or detriment to a trademark enjoying a reputation. Had that been the case, the outcome of the court proceedings might well have been different.

8. Spain—Appeal Court of Madrid—Who bears the burden of proof in establishing responsibility for sponsored advertising on Google Adwords?

In its Judgment No. 338/2018 of June 8, 2018,\textsuperscript{144} in Appeal No. 577/2016, the Appeal Court of Madrid (Section 28) confirmed the decision of the Commercial Court No. 12 of Madrid that the defendant Laboratorio Lucas Nicolás S.L., owner of trademark CLINICAS VITALDENT had infringed the trademark CLINICAS ORTODONCIS owned by the Spanish plaintiff Grupo Ilusion De Ortodoncistas S.L. by using this third-party trademark on the Google AdWords service.

The most interesting point about this case is that the defendant wholly denied having contracted the Google AdWords referencing system and stated that the fact that his trademark CLINICAS VITALDENT appeared associated to CLINICAS ORTODONCIS was just a malfunction of the Google system, most probably caused by the fact that the term “ORTODONCIS” was descriptive of “orthodontics.”

The plaintiff had not proved that the defendant has contracted the AdWord CLINICAS ORTODONCIS, merely proving that when someone searched for “CLINICAS ORTODONCIS,” the defendant’s brand CLINICAS VITALDENT appeared next to the CLINICAS ORTODONCIS. The only piece of evidence submitted by the plaintiff was a notary deed submitted by the plaintiff showing that when the notary had typed the trademark CLINICAS ORTODONCIS on the Google search engine, advertisements related to CLINICAL ORTODONCIS appeared next to others of CLINICAL VITALDENT (www.clinicasvitaldent.info/VitalDent.—Pay in 24 months. Telephone 900866175). Once one clicked on the advertisement of VITALDENT, a photograph of VITALDENT appeared under the header “CLÍNICAS ORTODONCIS.”

The first instance court considered that there were sufficient elements to presume that the defendant had contracted with Google for the use of the third-party trademark as key word in the Google

\textsuperscript{142} Joined cases C-236/08 to C-238/08 (CJEU, March 23, 2010) (EU:C:2010:159).

\textsuperscript{143} Case C-323/09 (CJEU, September 22, 2011) (EU:C:2011:604).

\textsuperscript{144} Judgment No. 338/2018, Appeal No. 577/2016 (Appeal Court of Madrid (Section 28), June 8, 2018) (CLINICAS VITALDENT/ CLINICAS ORTODONCIS).
AdWords system. The results obtained by the notary were not “natural” results but “promotional” ones that could only be explained if the defendant had purchased sponsored advertising in respect of the keyword “CLINICAL ORTODONCIS.”

In the appeal, the defendant continued to insist that he had never purchased this AdWord and blamed the Google system for this “malfuction.” It also argued that instead of filing a claim for infringement, the plaintiff should first have contacted Google so that it could solve this “error.”

When deciding on the appeal, the Appeal Court of Madrid quoted the judgment of the CJEU in Google France\(^\text{145}\) (Cases C-236/08 and C-238/08) that describes the functioning of the “adwords” referencing service as follows: “Google offers a paid referencing service called ‘AdWords.’ That service enables any economic operator, by means of the reservation of one or more keywords, to obtain the placing, in the event of a correspondence between one or more of those words and that/those entered as a request in the search engine by an internet user, of an advertising link to its site. That advertising link appears under the heading ‘sponsored links,’ which is displayed either on the right-hand side of the screen, to the right of the natural results, or on the upper part of the screen, above the natural results.”

The Court considered that after verifying the functioning of the Adword system and the key words selected, there was no doubt that the defendant was using a trademark identical to the plaintiff’s trademark CLINICAS ORTODONCIS. The defendant was merely denying the obvious. The sponsored link of the defendant included the trademark CLINICAS ORTODONCIS, which could not be a mere coincidence, but a conscious reproduction of someone else’s trademark.

According to EU Directive 89/104 (now amended and recast as the 2015 TM Directive), when a third party uses a sign identical with a trademark in relation to goods or services that are identical with those for which that mark is registered, the proprietor of the mark is entitled to prohibit that use if it is liable to have an adverse effect on one of the functions of the mark, whether that be the function of indicating origin or one of the other functions.\(^\text{146}\) Since liability lay with the advertiser that had contracted the service, for the purpose of determining infringement, it was irrelevant to determine the eventual liability of the provider of the referencing service.

The Court also considered the burden of proof in such cases like this one. The plaintiff had proved the normal functioning of the

\(^{145}\) Joined cases C-236/08 to C-238/08 (CJEU, March 23, 2010) (EU:C:2010:159).

\(^{146}\) Google France, Joined cases C-236/08 to C-238/08 (CJEU, March 23, 2010) (EU:C:2010:159), para. 79.
AdWords system, for which sponsored results would appear against the search term “CLINICAS ORTODONCIS.” While the Court could not entirely exclude the possibility that the mark CLINICAS VITALDENT appeared next to CLINICAS ORTODONCIS as a result of a malfunction of the Google AdWord system, the burden of proof was on the defendant to demonstrate this. The plaintiff having proved what happened in “normal” circumstances, if the results that appeared on Google were not “normal,” the defendant had the burden to prove that he was not responsible for the results shown on Google.

Finally, the Court considered that it was not for the plaintiff to bear the arduous task of contacting Google so that any reference to his trademark would be removed. The negative obligation upon VITALDENT to refrain from using a third party’s trademark could very easily be done by not purchasing the trademark of the plaintiff as an AdWord.

9. UK—Court of Appeal—Can a U.S. corporation selling software only in the Americas be sued for trademark infringement in the UK for profiting from association with a UK-based retailer who trades under the same name?

Argos Systems Inc. (“ASI”) trades in computer-aided design (“CAD”) systems, with its principal business in the licensing of software. It had no clients outside the Americas. ASI had registered the domain name www.argos.com in 1992, for use in connection with its CAD business. Argos Limited (“AUL”) is a retailer of consumer goods, trading since 1973 under the ARGOS brand in the UK and Republic of Ireland. AUL registered the domain name www.argos.co.uk in 1996 and held EU trademark registrations for the trademark ARGOS for, among other things, advertising services and retail and related services.

The dispute arose because a substantial number of Internet users based in the UK and Ireland who wanted to visit AUL’s website were visiting ASI’s website by mistake, largely because users were typing ASI’s domain name in the mistaken belief that this would be AUL’s domain. In 2008, ASI had joined Google AdSense program, earning revenue of approximately US $100,000 over a seven-year period, based on the number of “clicks” recorded on website adverts. The question arose as to whether such revenue was earned by taking unfair advantage of the reputation that AUL had in its trademarks in the UK. The English High Court had concluded it did not; AUL sought to overturn this in the Court of Appeal.

The Court of Appeal considered three key issues to determine liability: (i) the question of “targeting” UK consumers to give rise to
use of the trademark in the UK; (ii) whether ASI’s use of the sign gave rise to a link between the sign and AUL’s mark; and, if so, (iii) whether such use took unfair advantage of the distinctive character or repute of the trademark.

**Targeting**

Would the average UK consumer regard the service of the provision of advertising space on ASI’s website as targeted at them? Absent advertisements with content relevant to UK consumers, the answer was clearly “no.” However, the billboard was populated with ads of relevance to UK consumers and there was “abundant material” on which to find that ASI was aware of the misdirected traffic from the UK and Ireland arriving at its website ASI. Both Google and ASI were targeting the ads at the UK, using ASI’s billboard on their website www.argos.com, and ASI was providing a billboard service that included ads of interest to UK consumers and therefore targeting UK users.

**Link**

As established in *Intel*, the requirement that the mark be “called to mind” by the average consumers on the facts is necessary to establish causation. By presenting the billboard service to interest traffic that had arrived at the website on the strength of AUL’s reputation, ASI had gained at least the impression fee earned by the downloading of that ad. Advantage was thereby taken of an opportunity that arises only because the Internet traffic has arrived at the site on the strength of AUL’s reputation.

**Unfair Advantage**

To be infringing, however, the use of the sign ARGOS in relation to an electronic billboard service must also take unfair advantage of the distinctive character or repute of the mark. Distinguishing *L’Oréal v. Bellure*, the Court of Appeal held that the present case did not involve a transfer of the image of the proprietor’s reputation to the defendant’s goods or services. The Court cited *Whirlpool Corp v. Kenwood Ltd*, which held that a mere commercial advantage was not sufficient to render the taking of such advantage unfair: “there must be an added factor of some kind for that advantage to be categorised as unfair.” The Court also cited *Specsavers*

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150 *Id.* at para. 136.
International Healthcare v. Asda Stores Limited, where it was held that use of a trademark that does not cause dilution or tarnishment and which does not adversely affect the functions of the trademark must be regarded as fair competition and cannot be prohibited.

The Court rejected AUL’s argument that unfairness is established by economic advantage, stating that this would “empty the word ‘unfair’ of any meaning.” In denying the appeal of AUL, the Court of Appeal held that the High Court made no error of principle in the approach to the issue of unfair advantage since: (i) ASI had not done anything to seek out the unwanted Internet traffic that arrived at its website and that it had no power to prevent; (ii) ASI’s display of AdSense ads was of some benefit to AUL by restoring misdirected customers to AUL who might otherwise have lost interest; (iii) participation in AdSense was a normal and commercially unobjectionable activity; (iv) the income stream derived from it by ASI was small in the context of both parties’ businesses; and (v) upon arriving at the website even moderately observant customers would see it had nothing to do with AUL.

10. UK—UK Supreme Court—Should brand owners or Internet Service Providers bear the cost of implementing a website-blocking order to restrict access to site offering the sale of counterfeit goods?

The decision of the UK Supreme Court in Cartier International AG and others v. British Telecommunications PLC and another on June 13, 2018, concerned the liability for costs in implementing a website-blocking injunction. When an injunction is obtained against an innocent intermediary to prevent the use of his facilities by wrongdoers for unlawful purposes, who should pay the cost of complying with the order?

The appellants were the five largest Internet service providers (the “ISPs”) serving the UK, “innocent intermediaries” but nevertheless providing “critical means” in relation to infringing activities carried out on various websites to which UK consumers could gain access via the appellant’s broadband services. The Respondents, three Swiss/German companies that belong to the Richemont Group and design, manufacture and sell luxury goods under well-known trademarks, had sought injunctions requiring the
appellants to block or attempt to block access to specified “target websites” selling counterfeit copies of the respondents’ branded goods, and other Internet addresses enabling access to the target websites.

The English High Court granted the original website-blocking injunction in 2014, in doing so establishing that blocking injunctions were available for trademark as well as copyright owners, despite only the latter being specifically provided for in statutory terms. The High Court also ordered the ISPs to pay the cost of complying with the injunction, including: (i) the cost associated with acquiring and upgrading hardware and software to block target websites; (ii) the cost of managing blocking systems; (iii) the initial cost of implementing the injunction, including processing the application and configuring the ISPs blocking systems; (iv) the cost associated with updating the block over the lifetime of the order; and (v) the costs and liabilities incurred in the event of blocking malfunctions. The Court of Appeal confirmed this decision.

The question of liability for costs was considered by the UK Supreme Court, no doubt recognizing the importance of the issue to UK rights owners and to the ISPs. The appeal of the ISPs was in relation to the costs under heads (iii)–(v), requiring the respondents to indemnify the ISPs for the relevant implementation costs. The Supreme Court confirmed that the question of compliance costs was a matter of English law, within the broad limits set by the EU principles of proportionality and fairness, effectiveness, equivalence and the requirement that any remedy should not be unnecessarily costly. Following the precedent set in *Norwich Pharmacal and Excise Comrs*, the English courts have long established jurisdiction to order innocent parties to assist rights-holders in bringing proceedings against wrongdoers, ordering the disclosure of relevant information from the third party that was innocently facilitating that infringement.

The UK Supreme Court acknowledged that none of the relevant EU Directives dealt expressly with the costs of implementing a judicial order and disagreed with the Court of Appeal’s view that the recitals to the E-Commerce Directive implicitly support an order for the intermediary to bear the implementation costs. The Supreme Court confirmed that the recitals refer the terms of an injunction against an intermediary to national law, without any guidance as to what is “appropriate” for national law to decide, so a diversity of national solutions would still be consistent with EU law. Again contrary to the Court of Appeal, the Supreme Court did not consider that the E-Commerce Directive infers a *quid pro quo* liability on

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ISPs in return for the immunities enjoyed in the safe harbor provisions and the absence of monitoring obligations, given that the Directive does not deal at all with the costs of intermediaries complying with injunctions.

The Supreme Court stated that the true rationale of the immunities offered to ISPs was in protecting the functioning of the single market from disparities between national laws on liability and had nothing to do with the question of implementation costs. The reasoning of the UK Supreme Court is in line with UK domestic case law, but also established principles of EU law. For an innocent conduit to be indemnified by the rights-holder against the cost of complying with a website-blocking order is no different in principle from the established position under English law in the case of other orders granted requiring an innocent intermediary to assist a rights-holder against a wrongdoer. The UK Supreme Court confirmed that an ISP acting as a mere intermediary would not incur liability for trademark infringement under English law, even in the absence of the safe harbor provisions, and there was similarly no legal basis for requiring an innocent party to carry the burden of remedying an injustice if he has had no legal responsibility and is acting under an order of the court. The fact that an ISP might benefit financially from the volume of the content available on the Internet (including content which infringes intellectual property rights), did not mean that it is fair to make them contribute to the cost of enforcement and there was certainly no legal basis to do so.

VII. LIMITATION OF RIGHTS AND DEFENSES

A. Introductory Comments

EU trademark law contains a variety of specific defenses and other limitations on the exclusive rights conferred upon trademark proprietors. The ensuing part features an unusually large number of cases this year in relation to “exhaustion of rights” which provide an important role in ensuring free movement of goods within the single market of the EU. Set out under Article 15 of the 2017 EUTM Regulation and Article 7 of the 2008 TM Directive, “exhaustion” acts as a limitation of the exclusive rights provided to EU trademark owners.

The CJEU considered two key issues in parallel trade for the first time in 2018—the ability of trademark proprietors to object to debranded goods imported from outside the European Economic Area (“EEA”) and whether the so-called BMS conditions which related to the parallel trade of pharmaceutical products might also apply to medical devices. The courts of Sweden, Germany, Austria, and Belgium explored issues such as the nature of repackaging in parallel trade and the impact on the function of the trademarks involved, the burden of proof in demonstrating consent, the extent
to which a reseller of goods is entitled to make particular use of the trademarks at issue and whether the nature and circumstances of sale might “override” exhaustion and entitle the proprietor to object to the form of presentation.

Two further decisions in the Netherlands provided an opportunity to comment on the availability of defenses to infringement that require use “in accordance with honest practices,” while liability for the storage and export of goods bearing trademarks was analyzed by courts in Germany and France.

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.

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—Is a trademark proprietor entitled to oppose the parallel trade of “debranded” goods?

   The CJEU’s decision in *Mitsubishi Shoji Kaisha Ltd, Mitsubishi Caterpillar Forklift Europe BV v. Duma Forklifts NV, G.S.*
International BVBA\textsuperscript{156} (Case C-129/17) considers, for the first time, whether Article 5 of the 2008 TM Directive\textsuperscript{157} and Article 9 of the 2009 EUTM Regulation give a trademark owner the right to object to the removal of its trademarks (debranding) from goods that it has never marketed within the EEA and the affixing of different trademarks (rebranding) by a third party, without its consent, with a view to importing or trading such goods in the EEA. The CJEU decision originated from a request for preliminary interpretation made by the Court of Appeal of Brussels in 2017.\textsuperscript{158}

Mitsubishi Shoji Kaisha Ltd is the owner of EU and Benelux trademark registrations for the word mark MITSUBISHI and the following figurative trademark:

![Mitsubishi Mark](image)

(the “Mitsubishi Marks”) registered and used, \textit{inter alia}, for forklift trucks exclusively manufactured and sold in the EEA by Mitsubishi Caterpillar Forklift Europe BV (“Mitsubishi”).

The Belgian companies, Duma Forklifts NV (“Duma”), a former official Mitsubishi dealer for forklift trucks in Belgium, and G.S. International BVBA (“GSI”), had purchased forklift trucks outside the EEA from a company within the Mitsubishi group and placed them under a customs warehousing procedure in the EEA. While the goods were under that procedure, Duma and GSI removed all the Mitsubishi Marks, made modifications to the goods to render them compliant with EU standards, affixed their own trademarks, replaced the identification plates and serial numbers with their own signs, and finally imported and sold the goods in the EEA.

Mitsubishi initiated trademark infringement proceedings. In Mitsubishi’s view, the other side’s conduct infringed its rights to control the first placing of the goods bearing its Mitsubishi Marks in the EEA market and adversely affected their functions of indication of origin, investment, and advertising. Further, Mitsubishi stressed that, despite the removal of its trademarks, the forklift trucks remained recognizable to consumers. The Commercial Court of Brussels rejected Mitsubishi’s claims.

Mitsubishi appealed, and the Court of Appeal of Brussels, observing that the CJEU had never ruled on whether conduct such as that of Duma and GSI constituted a use that the trademark

\textsuperscript{156} Case C-129/17, (Court (Second Chamber) July 25, 2018).

\textsuperscript{157} This provision is now at Article 10 of the 2015 TM Directive.

owner could prohibit, referred the following questions to the CJEU for a preliminary ruling:

(1) (a) Do Article 5 of Directive 2008/95 and Article 9 of Council Regulation No 207/2009 cover the right of the trade mark proprietor to oppose the removal, by a third party, without the consent of the trade mark proprietor, of all signs identical to the trademarks which had been applied to the goods (debranding), in the case where the goods concerned have never previously been traded within the EEA, such as goods placed in a customs warehouse, and where the removal by the third party occurs with a view to importing or placing those goods on the market within the EEA?

(b) Does it make any difference to the answer to question (a) above whether the importation of those goods or their placing on the market within the EEA occurs under its own distinctive sign applied by the third party (rebranding)?

(2) Does it make any difference to the answer to the first question whether the goods thus imported or placed on the market are, on the basis of their outward appearance or model, still identified by the relevant average consumer as originating from the trade-mark proprietor?159

The CJEU considered the questions together and concluded that the provisions at issue must be interpreted as meaning that “the proprietor of a mark is entitled to oppose a third party, without its consent, removing all the signs identical to that mark and affixing other signs on products placed in the customs warehouse...with a view to importing them or trading them in the European Economic Area (EEA) where they have never yet been marketed.”160

The CJEU’s decision was not in line with the Opinion of Advocate General (AG) Campos Sánchez-Bordona of April 26, 2018. Based on the literal, systematic and purposive interpretation of the term “use,” the AG found that the removal of a trademark is not use of that trademark for which the owner’s consent is required.161 In the AG’s view, in a case like the one at issue, the trademark owner cannot seek protection under trademark law, but can rely on other remedies, such as unfair competition law.

The CJEU acknowledged that, unlike its previous case law on parallel imports and trademark infringement, in the case at issue:


160 Id. at para. 53.

(i) the goods imported into and marketed in the EEA by unauthorized third parties, after having been placed under the customs warehousing procedure, do not bear the allegedly infringed trademarks; and (ii) the alleged infringers do not appear to use in any way signs identical or similar to the owner’s trademarks, in particular in their commercial communications.\(^{162}\) The Court itself noted that the case at issue was different from the *Portakabin* case,\(^ {163}\) where a third party used the owner’s trademark to advertise goods from which it had removed that trademark.

Having said that, the CJEU analyzed the merits of the case and based its decision on the following observations.

First, the Court noted that the unauthorized removal of the owner’s trademarks by a third party from goods never marketed in the EEA deprives the owner of its right to control the initial marketing in that market of the goods bearing its trademarks\(^ {164}\) and adversely affects the functions of those trademarks.\(^ {165}\) The fact that the relevant consumers identified the goods as coming from Mitsubishi, only on the basis of their outward appearance, was likely to increase the harm to the (removed) trademark’s indication of origin function.\(^ {166}\)

Further, the Court pointed out that acts similar to those challenged aim at circumventing the owner’s right to prohibit the importation of the goods bearing its trademarks and, therefore, are contrary to the objective in EU law of ensuring undistorted competition.\(^ {167}\)

Finally, the CJEU stated that the removal of a trademark from goods by an unauthorized third party, in order to affix its own signs, with a view to importing and marketing those goods in the EEA, involves an active conduct in the exercise of a commercial activity for economic advantage and, therefore, may be regarded as use of a trademark in the course of trade under EU trademark law.\(^ {168}\)

The CJEU’s findings of trademark infringement in a case where, as the Court admitted, there was no use of the allegedly infringed trademarks in many respects seems to amount to a departure from the Court’s previous case-law. It is notable that the Court did not

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\(^{163}\) Portakabin Ltd and Portakabin BV v. Primakabin BV, Case C-558/08 (CJEU, July 8, 2010), para. 85-86.


\(^{165}\) *Id.* at para. 43.

\(^{166}\) *Id.* at para. 45.

\(^{167}\) *Id.* at para. 47.

\(^{168}\) *Id.* at para. 48.
place any reliance upon the fact that the removal of the Mitsubishi Marks occurred under a customs warehouse procedure and, therefore, before the moment when Mitsubishi’s forklift trucks were imported into the EEA. The Court considered it decisive that the ultimate purpose of the removal of those trademarks was to import and market those goods in the EEA market, despite the fact that the trademark owner’s right to control the first placing of its goods is in respect of those bearing its trademark in the EEA. The CJEU’s judgment appears to establish the precedent that the proprietor is now able to control the first placing in the EEA of its goods not bearing its trademark.

2. EU—CJEU—Does the addition of a label to the packaging of an imported medical device constitute repackaging that may give rise to a risk to the guarantee of origin?

The CJEU’s decision of May 17, 2018, in Junek Europ-Vertrieb GmbH v. Lohmann & Rauscher International Gmbh & Co. KG considers the conditions in which the parallel import of a medical device can be prevented by a trademark proprietor. In particular, in this case, the CJEU considered the applicability of the well-established Bristol-Myers Squibb conditions, more typically applied in relation to pharmaceutical products, to the parallel import of medical devices.

Lohmann owns the EU trademark for the word DEBRISOFT, registered in June 2010, for (among others) “sanitary preparation for medical purposes” and uses the mark in relation to the manufacture and sale of products for the superficial treatment of wounds. Junek is a parallel importer, offering for sale in Germany various sanitary products for medical purposes which had previously been on the market in Austria. Junek affixed a label to boxes of imported DEBRISOFT products providing the following information: Junek’s name; its address; telephone number; barcode; and pharmaceutical number. The label was applied without obscuring the DEBRISOFT mark or any other text or imagery.

Junek had not given prior notice to Lohmann and did not provide Lohmann with a specimen of the overstickered product. Lohamnn lodged an action before the Landgericht Düsseldorf (Regional Court, Germany) for trademark infringement.

The Regional Court upheld that claim and the Oberlandesgericht Düsseldorf (Higher Regional Court, Düsseldorf, Germany) for trademark infringement.

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169 Id. at para. 50.
Germany) dismissed Junek’s appeal. Junek lodged an appeal before the Federal Court of Justice, Germany.

The Federal Court stayed proceedings and referred the following question to the CJEU:

Must Article 13(2) of Regulation […] No 207/2009 be interpreted as meaning that the proprietor of the mark can oppose further commercialisation of a medical device imported from another Member State in its original internal and external packaging, to which the importer has affixed an additional external label, unless

- it is established that reliance on trademark rights by the proprietor in order to oppose the marketing of the overstickered product under that trademark would contribute to an artificial partitioning of the markets between Member States;
- it is shown that the new labelling cannot adversely affect the original condition of the product inside the packaging;
- the packaging states clearly who overstickered the product and the name of the manufacturer;
- the presentation of the overstickered product is not such as to be liable to damage the reputation of the trade mark and of its proprietor; thus, the label must not be defective, of poor quality, or untidy; and
- the importer gives notice to the trade mark proprietor before the overstickered product is placed on the market, and, on demand, provides him with a specimen of that product?

Essentially, the referring court asked whether the above five conditions developed by the CJEU in *Bristol-Myers*171 also apply to the parallel importation of medical devices.

The CJEU recalled that the essential function of a mark is to guarantee origin and that repackaging without authorization of the proprietor is likely to create real risks to that guarantee. The CJEU also noted the potential conflict with Article 36 of the Treaty on the Functioning of the European Union. A proprietor’s right to oppose repackaging may not constitute a disguised restriction on trade between Member States. For this reason, the Court has historically established principles on the restrictions on the exhaustion of rights in relation to the parallel import of pharmaceutical products.172

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The CJEU stated that the five conditions, which when satisfied preclude the proprietor of the mark from legitimately opposing further commercialization of the product, apply only where the importer has repackaged the product. Although the concept of “repackaging” includes the relabelling of the pharmaceutical products bearing the mark, the Court distinguished Boehringer Ingelheim and Others173 from the present case. In that case, the repackaging was much more extensive, including in relation to some products, new boxes that had been designed by the importer on which the mark had been reproduced or, alternatively, that only included the generic name. Further, the original packaging had been opened in all cases, to insert a product information leaflet in English. On the facts of the case referred, however, the importer had merely affixed a small additional label to an otherwise unprinted part of the box and such label included only the minimum essential information. The DEBRISOFT mark had not been concealed and the original packaging had not been opened.

The Court therefore held that the form of overstickering in this case did not constitute “repackaging” and therefore did not affect the essential function of the DEBRISOFT mark to guarantee origin. The additional label was not a legitimate reason for the proprietor to oppose the further commercialization of the medical device concerned.

In response to the referred question, the CJEU concluded that “Article 13(2) of Regulation No 207/2009 must be interpreted as meaning that the proprietor of a mark cannot oppose the further commercialisation, by a parallel importer, of a medical device in its original internal and external packaging where an additional label, such as that at issue in the case in the main proceedings, has been added by the importer, which, by its content, function, size, presentation and placement, does not give rise to a risk to the guarantee of origin of the medical device bearing the mark.”

3. Sweden—Swedish Patent and Market Court of Appeal—Can a failure to identify the trademark proprietor on repackaged parallel imports constitute trademark infringement?

Merck Sharp & Dohme (Sweden) AB, MSD International GmbH and Merck Sharp & Dohme Corp. v. Orifarm AB174 considered the appeal of proceedings between the manufacturer of pharmaceutical products and a parallel importer before the Swedish Patent and Market Court of Appeal.

173  Id. at para. 28.
174  Case No. PMT 2901-17 (Swedish Patent and Market Court of Appeal, June 13, 2018).
The defendant had imported certain of the appellants’ pharmaceutical products after they had been lawfully placed on the market in other parts of the EU. As is usual, in order to market those goods in the local market, they needed to be repackaged by the parallel importer. Neither the necessity of repackaging nor the lawfulness of the import was disputed. The (re)packaging identified the appellants as the manufacturer of the original product but failed to acknowledge the manufacturer as the proprietor of the trademarks affixed. Did such omission constitute an infringement of the EU trademarks? Put simply, did the omission of ownership constitute legitimate reasons to oppose further commercialization of the goods in accordance with Article 15 of the 2017 EUTM Regulation?

The Court of Appeal referred to a number of relevant CJEU cases in its judgment. In BMW, the CJEU had emphasized that a trademark proprietor may have legitimate reason to oppose a third party’s unauthorized use of the proprietor’s trademark, if the trademark use gives the impression that there is a commercial connection between the third party and the trademark proprietor. In Boehringer Ingelheim I, derogation from the principle of free movement of goods was permitted where a third party’s repackaging of pharmaceuticals was likely to create a real risk to the guarantee of origin of the trademarks. However, the proprietor of a trademark cannot oppose repackaging of pharmaceuticals if this constitutes a disguised restriction on trade between EU Member States. Where the proprietor’s legitimate interests are respected, and the repackaging does not adversely affect the original condition of the product and does not harm the reputation of the mark, the repackaging must be accepted if it is necessary to enable the product imported in parallel to be marketed in the importing EU country.

The established rules for repackaging of pharmaceuticals were summarized by the CJEU in Boehringer Ingelheim II, based on the earlier cases of Hoffman-La Roche, and Bristol Myers Squibb, providing that a trademark proprietor cannot oppose repackaging of pharmaceuticals if the parallel importer can demonstrate the following five conditions:

(a) “reliance on trademark rights by the proprietor in order to oppose the marketing of repackaged products under that

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176 Boehringer Ingelheim I, Case C-143/00 (CJEU, April 23, 2002), paras. 28-29.
177 Id. at paras. 31-34.
178 Case C-348/04 (CJEU, April 26, 2007), paras. 53-54.
The third condition above ("the new packaging clearly states who repackaged the product and the name of the manufacturer") was of key interest before the Swedish Court of Appeal. The defendant had correctly stated who repackaged the goods and who the manufacturer was on the new packaging, which was in accordance with BMS condition three. The defendant did not, however, mention on the new packaging that the original manufacturers were also the owners of the trademarks by which the products were identified. The appellant claimed that this lack of information damaged their trademarks, as it was not clear to consumers whose the trademarks were. As such, the relevant public might believe that there was a commercial connection between the appellants and the defendant. Further, the risk of damage to the trademarks was reinforced by the fact that the new packaging did not include the appellants’ house mark, which had appeared on the original packaging.

The Swedish Court of Appeal considered that the repackaging was sufficient. The information on the new packaging identified who had repackaged the goods and who the original manufacturer was, which made clear to consumers that the parallel importer was neither the owner of the trademarks nor had been in control of the production of the goods. The Court of Appeal considered that this was in accordance with the CJEU’s case law in *Bristol-Myers Squibb*\(^1\) and *Orifarm*.\(^2\) Following the CJEU’s rule of evidence in *Boehringer Ingelheim II*, it was for the appellants to prove that the reputation of the trademarks had been damaged, despite the information provided on the new packaging. This was not established on the evidence, so the appeal was dismissed.

\(^1\) Id. at para. 74.

\(^2\) Orifarm and Others, Case C-400/09 (July 28, 2011), para. 35.
4. Germany—Courts of Appeal of Düsseldorf and Hamburg—Does exhaustion of rights prevent the sale of goods by unauthorized dealers where the nature of such sales could damage the reputation of the goods?

Two appellate decisions183 (Case No. I-20 U 113/17 (Düsseldorf) and Case No. 3 U 151/17 (Hamburg)) rendered in 2018 supported manufacturers of luxury and premium products in their attempts to take steps to manage the “gray” market in relation to their respective product ranges.

In its decision of March 6, 2018, the Court of Appeal of Düsseldorf184 confirmed that the doctrine of exhaustion could not prevent the exercise of trademark rights to prevent the sale of goods by unauthorized dealers where such sales could damage the reputation of the goods.

The plaintiff, Kanebo, was a manufacturer of luxury cosmetics, distributing its products through a system of selected specialist retailers. The defendant, Real, was a general retail chain, operating from physical stores and online, offering a range food, household products, electrical devices, textiles, shoes and cosmetics. Real had obtained inventory of the plaintiff’s branded “Kanebo” and “Sensai” luxury cosmetics despite being outside the selective distribution network. Kanebo sued for trademark infringement, and Real argued that the trademark rights had been exhausted when the products were placed on the market by the brand owner.

The Court of Appeal of Düsseldorf considered the rules applicable to exhaustion, as set out in Article 15 (1) and Article 15(2) of the 2017 EUTM Regulation and, in particular, whether the condition of the goods had changed or was impaired after they have been put on the market. The Court of Appeal considered that Article 15(2) of the 2017 EUTM Regulation would apply not only where the physical condition of the goods had been affected, but also where the form of distribution itself could damage the reputation of the trademark. There was a risk of damage to the reputation of the trademark where the particular retailer undermined the aura of luxury associated with the products through their sales and promotion. The court emphasized that the risk must be specific and the damage substantial. The reputation could also be damaged by a sale of the goods via a distribution channel that was outside the permitted channels in the authorized distribution network.

183 Court of Appeal of Düsseldorf and the Court of Appeal of Hamburg.
184 Case I-20 U 113/17 (Court of Appeal of Düsseldorf, March 6, 2018).
The decision is consistent with CJEU case law which considered “damage to the aura of luxury”\(^{185}\) in respect of selective distribution systems and illustrates that damage to the aura of luxury may arise from product presentation, by sale in juxtaposition with low value or private label goods, by functional or discount-oriented presentation, or through a lack of product guidance in respect of the branded range. The case is notable in its apparent harmonization between trademark and anti-trust provisions in this area\(^{186}\).

On June 21, 2018 the Court of Appeal of Hamburg\(^{187}\) also confirmed particular limitations on exhaustion in relation to luxury goods. The facts were very similar to the Düsseldorf case. The plaintiff was again a manufacturer of luxury cosmetics, selling its products through a system of selected specialist retailers. The defendant was again Real, the same retail chain considered by the Court of Appeal of Düsseldorf. Again, goods lawfully placed on the market by the brand owner were offered for sale by the retailer, despite not being part of the selective distribution system. The court had to consider whether the trademark rights in respect of those goods had been exhausted. As in Düsseldorf, the Court of Appeal of Hamburg confirmed that the reputation of the trademark could be damaged if a retailer attached the aura of luxury to the trademarks by the way in which he offered or promoted them. This would also be the case if the presentation of the goods was banal, mixed up with convenience or other day to day product ranges.

It remains to be seen whether the finding of these decisions (and of the corresponding court practice regarding the anti-trust aspect of selective distribution systems) will be extended to premium products that are not luxury products but differ from regular products by their high value and price.

5. Austria—Austrian Supreme Court—To what extent is a reseller of genuine goods entitled to use the stylized or figurative marks of the original manufacturer?

In its decision rendered on February 20, 2018, in OGH 20.02.2018, 4 Ob 15/18 m,\(^{188}\) the Austrian Supreme Court considered whether a reseller of (genuine) goods may use a stylized or figurative mark to identify them, as well as the “plain” word

\(^{185}\) See the CJEU’s analysis of the anti-trust aspects of selective distribution systems in Case C-230/16—Coty Germany/Parfümerie Akzente (December 6, 2017).

\(^{186}\) See, in particular, the opinion of the CJEU’s Advocat General in Coty Germany/Parfümerie Akzente, Case C-230/16—Coty Germany/Parfümerie Akzente (December 6, 2017).

\(^{187}\) Case No. U 151/17 (Court of Appeal of Hamburg, June 21, 2018).

\(^{188}\) OGH 20.02.2018, 4 Ob 15/18 m (Austrian Supreme Court, February 20, 2018).
mark. The case is of particular interest for retailers and other resellers of original products.

The plaintiff is a well-known manufacturer and distributor of perfumes and cologne. The products at issue were placed on the market under the DAVIDOFF brand, registered as EU trademarks as both word and figurative marks for “Davidoff.” The plaintiff operated a selective distribution system, which permitted authorized dealers to sell “Davidoff” perfumes, as well as entitling the dealers to bring claims for infringement of the trademark by unauthorized parties in their territories.

The defendant was an Austrian company offering sales via mail order and an online store but was not an authorized dealer within the selective distribution system. It had, however, acquired inventory of genuine Davidoff products from an authorized dealer, which it then offered for sale online. The advertising for such products used both the word and figurative trademarks.

The plaintiff sought injunctive relief under the Austrian Trademark Act and the Unfair Competition Act. The plaintiff argued that the defendant used a third-party figurative trademark without a compelling reason since the products could have been identified for advertisement by the plain word trademark. In addition, the “eye-catching” emphasis of the figurative trademark “Davidoff” would take unfair advantage of the public’s attention and the good reputation of the trademark.

The Austrian Supreme Court confirmed the decision rendered in the lower-instance courts, concluding that the defendant was entitled to use the figurative trademark, because it did so solely in connection with the offering of original products that were lawfully put on the market by the brand owner, and subsequently sold by an authorized dealer to the defendant. The product presentation was rendered in an online store with a “professional” appearance and, in the court’s view, did not suggest to customers that there would be an economic relationship between the parties in the sense of an authorized dealer relationship.

The Austrian Supreme Court further held that the effect of the exhaustion of the trademark right was that the license holder could not prohibit redistribution of the original (unmodified) product by third parties if the goods have been placed on the market by the brand owner or with his consent. It was only where there were legitimate reasons that the trademark owner could oppose the further distribution of the goods, in particular if the condition of the goods had been changed or deteriorated after they had been placed on the market. The Court acknowledged that, while the trademark owner loses control over the further distribution of his products as a result of exhaustion, he still retains control in the sense that his

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189 Note that the published decision does not mention which Davidoff trademark was used.
mark is used solely to identify the goods he originally placed on the market. He therefore can only oppose the further distribution of goods whose identity has been changed. In this case, the plaintiff agrees in principle with the distribution of the goods by the defendant (since he only opposed the use of the figurative mark but not the reselling activities). It could not be assumed that the original product or the brand image sustained damage according to the facts in this case.

The Austrian Supreme Court stated that Austrian trademark law does not recognize any restrictions of the use of a mark (for original goods) to a certain “maximum or minimum extent.” In other words, a trademark owner cannot force third parties who lawfully use the trademark to restrict such use to what is absolutely necessary as a minimum. In the court’s view, this is in line with the fact that the trademark owner, even after exhaustion of his trademark rights, retains control over the fact that his trademark is used solely to designate the (original) goods he placed on the market.

The Austrian Supreme Court distinguished this case from its own case law relating to a third party who uses a foreign trademark to advertise its own goods or services (see OGH 1 7. 2009, 17 Ob 28/08d, Mazda-Logo). Contrary to that decision, in the present case, the defendant distributes only Davidoff products with the figurative trademark in question and did not advertise its own products or services with this trademark. The mere fact that the defendant itself sells the products (and does not only provide a platform for third parties to do so) does not mean that the defendant “uses” the figurative trademark to advertise its own services as a mail order company.

The Supreme Court also distinguished this case from the latest decisions of the CJEU on the subject of selective distribution systems, such as Copad, Coty, and Coty Germany, since the present case concerns the use of a foreign trademark to identify the original goods of the trademark owner lawfully put on the market in the EEA as part of a selective distribution system and in line with the principles of a rightful use of a trademark.

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6. Belgium—Brussels Court of Appeal—Who bears the burden of proof as to whether a brand owner has consented to the disputed goods being placed on the market in the EEA?

On September 25, 2018, the Brussels Court of Appeal\textsuperscript{194} handed down a ruling in a parallel importation case between Bacardi (the large family owned spirits company) and Alcimex (a spirits merchant). Bacardi had accused Alcimex of trademark infringement by first placing on the market in the EEA various products bearing the BACARDI trademark without prior authorization or consent. Alcimex claimed that the disputed goods had been placed on the market in the EEA by Bacardi, or with its consent, so the trademark rights were exhausted.

In giving its decision, the Brussels Court of Appeal referenced the well-established case law of the CJEU, noting that the doctrine of exhaustion applies only to goods placed on the market in the EEA by the trademark proprietor (or with its consent) and not to goods placed on the market by the trademark proprietor outside the EEA. First marketing and sale in the EEA remains the exclusive right of the trademark proprietor, who may oppose the importation of these goods and associated use of its trademark, it being essential that the proprietor of a trademark registered in one or more Member States be able to control the first placement on the market in the EEA of goods bearing its mark.

Alcimex maintained that the burden of proof lay with Bacardi to demonstrate that the goods in issue were intended solely for the non-EEA market, that they had effectively been put into circulation outside the EEA, and that Alcimex had then imported them into the EEA. The Court held that the trademark proprietor bears the initial burden to demonstrate the infringement of its mark but, once such proof has been provided, the defendant is then obliged to establish that the trademark proprietor effectively consented to the commercialization of goods bearing its trademark in the EEA. However, the Court added that where the defendant can demonstrate that there is a real risk of the partitioning of national markets if it is obliged to prove that the goods were commercialized in the EU by the trademark proprietor or with its consent, it is then up to the trademark proprietor to establish that the goods were commercialized outside the EEA (a reversal of the burden of proof).

In this case, Alcimex was unable to demonstrate that a risk of partitioning existed, nor was it able to prove that it was authorized to commercialize goods bearing the BACARDI trademark without the consent of the trademark proprietor. As such, the parallel importation was unlawful. The court noted that because Alcimex

\textsuperscript{194} 2014/AR/137 (Brussels Court of Appeal, 8th Ch., September 25, 2018).
was unable (or unwilling) to produce satisfactory accounting records, it would have to bear the consequences.

7. Belgium—Brussels Commercial Court—Can a brand owner object to the further commercialization of refurbished genuine goods?

The case involved a company (Fitesso) that purchased from individuals various second-hand LIGNE ROSET furniture, refurbished it (with non-original materials) and subsequently sold it on the second-hand market under the LIGNE ROSET trademark. Ligne Roset considered that in such circumstances its trademark was being used without consent and objected to the activities carried out. Fitesso claimed it had the right to resell refurbished LIGNE ROSET furniture pursuant to the doctrine of exhaustion, which it argued allowed it to use the LIGNE ROSET trademark in the course of business without the proprietor’s consent.

In giving its judgment, the Brussels Commercial Court noted that while the doctrine of exhaustion prevents a trademark proprietor from objecting to the (later) use of its mark by a third party, the proprietor may have legitimate reasons for opposing the subsequent commercialization of its branded goods, in particular when the state of the goods is modified or impaired (by a third party) after their initial placement on the market by the proprietor. On the facts of this case, the original state of the LIGNE ROSET furniture had indeed been modified during refurbishment, as Fitesso had reupholstered the armchairs with materials not used by Ligne Roset, nor was the stuffing used underneath such upholstery consistent with the original materials.

As the original state of the goods was modified upon their refurbishment, a new authorization should have been requested from the trademark proprietor in order to return the goods to the market, which Ligne Roset was within its rights to oppose. With respect to the trademark proprietor’s consent to such activities, such authorization must be express and cannot be inferred or implied from silence or a failure to communicate its opposition to further commercialization. Fitesso could not rely on an exchange of emails from which no such opposition appeared to argue that it had the right to carry out its infringing activity. As such, an economic operator does not have the right to purchase and refurbish second-hand designer furniture with non-original materials in order to subsequently sell it under the same brand name.
8. Germany—Federal Supreme Court—Does exhaustion prevent a trademark proprietor from objecting to an “unusual” form of promotion in the resale of genuine goods?

In its *Beauty for Less* decision of June 28, 2018, the Federal Supreme Court held that trademark rights are exhausted even where the resale of the original product is made by way of “unusual” promotion.

The plaintiff, a perfume manufacturer, sued a perfume retailer who resold (original) perfumes, including those of the plaintiff, via an online shop. The reseller had delivered third-party perfumes in packaging that displayed several perfume trademarks, including two of the plaintiff’s trademarks. In addition, the slogan “beauty for less” was printed on the box, as below:

![Image of packaging with “beauty for less”](image)

The District Court of Stuttgart had dismissed the action on the basis of exhaustion, and the Court of Appeal of Stuttgart had also dismissed the plaintiff’s appeal against this decision.

The Court of Appeal held that if the trademark rights have been exhausted under Article 15 (1) of the 2017 EUTM Regulation, the trademark could not only be used on the product, but also on the advertising for that product, including the packaging it was sold in. Trademark rights could ordinarily only be exhausted with regard to the specific products that have been put on the market with the trademark owner’s consent, rather than more generally. However, the required link between the trademark displayed on the box and the products distributed with the trademark owner’s consent was established, as it identified those products that belonged to the reseller’s product range. The Court of Appeal compared the packaging to a poster displayed in a reseller’s shop promoting the

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195 Case No. I ZR 221/16 (*Beauty for Less*) (Federal Supreme Court, June 28, 2018).
products. It was not necessary that the reseller had the original products already in stock. As such, trademark rights could be exhausted in relation to the use of the trademark in advertising for products not yet placed on the market, as long as they would later be put on the market with the trademark owner’s consent.

On further appeal, the Supreme Court confirmed the decision, and in particular the principle that the advertising does not need to relate to specific products, as long as the reseller actually distributes the products of the trademark owner and the public assumes, due to that advertising, that the reseller’s product ranges includes original products bearing that mark. The Supreme Court did not consider that the unusual form of advertising constituted grounds for the exceptions to exhaustion found in Article 15 (2) of the 2017 EUTM Regulation.

The plaintiff had argued that the display of the various trademarks on the box and the partial coverage by the slogan was very unusual, even among resellers. The Court of Appeal had considered a typo in one of the trademarks and the slogan “beauty for less” as “dubious,” but not damaging to the reputation of the trademark. Bound to consider issues of law only, rather than fact, the Federal Supreme Court could not overrule the assessment by the Court of Appeal that the slogan did not damage the reputation of the trademark.

The Federal Supreme Court held that unusual advertising alone was not sufficient to establish a legitimate interest in further prohibiting the distribution of the goods concerned under Article 15(2) of the 2017 EUTM Regulation. The CJEU had already decided that advertising in a way that is usual for resellers of the goods concerned does not establish such a legitimate interest even if the advertising does not correspond with the trademark owner’s own advertising or the advertising of selected distributors of the trademark owner, as long as the advertising does not take unfair advantage of or damage the reputation of the trademark. The Supreme Court interpreted the CJEU’s decision as a finding that it is not the usual or unusual nature of advertising that establishes a legitimate interest in further prohibiting the distribution—it is only where such advertising, whether by its unusual nature or some other reason, takes unfair advantage of or damages the reputation of the trademark. The burden of showing an exception to Article 15 of the 2017 EUTM Regulation lies with the trademark owner, and unusual (alone) will not be enough without some further damage to the functions of the mark.

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9. Germany—Federal Supreme Court—Is an “innocent” storage company liable for trademark infringement for holding goods alleged to infringe?

In its decision of July 26, 2018, the Federal Supreme Court referred the following question to the CJEU for guidance: “Does a person who, on behalf of a third party, stores goods which infringe trademark rights, without having knowledge of that infringement, stock those goods for the purpose of offering them or putting them on the market, if it is not that person himself but rather the third party alone which intends to offer the goods or put them on the market?”

The referral considers the proper interpretation of Article 9(2)(b) of the 2009 EUTM Regulation.

The plaintiff, a perfume distributor and licensee of the trademark DAVIDOFF HOT WATER found goods on Amazon’s marketplace that were infringing the trademark as they had been imported from outside the EEA without consent. After the seller had signed a cease and desist undertaking, the plaintiff sued Amazon’s storage company, appointed by the seller through the “delivery by Amazon” program, which provides storage and delivery services for third party sellers on Amazon’s platform. In effect, the plaintiff was seeking to obtain a court order by which the storage company would be prevented from storing or delivering those goods. There was no suggestion that the storage provider was aware of the infringing nature of the goods prior to the claim being issued.

The District Court and the Court of Appeal of Munich rejected the claims. Both courts held that there was no liability for trademark infringement, since the storage company was neither using the trademark itself nor possessing such goods for the purpose of offering or distributing itself, but only on behalf of the seller of the goods. There was also no secondary liability for participating in another person’s trademark infringement, since the company did not know that the goods infringed the plaintiff’s trademark. There was also no liability as an intermediary, since the plaintiff had not informed the company of the infringement prior to the issue of proceedings.

Upon further appeal, the Federal Supreme Court found that the storage company did not stock the infringing goods for the purpose of offering them or putting them on the market on its own behalf. The purchase contract was concluded between the third-party seller and third-party purchaser. The judgment leaves open the question whether the storage company could still be liable for trademark infringement.

197 Case I ZR 20/17 9Davidoff Hot Water III\0 (July 26, 2018).
198 Now Article 9(2)(b) of the 2017 EUTM Regulation.
infringement if it stocks infringing goods on behalf of a third party, without knowing about the infringement, for the purpose of offering the goods or putting them on the market only by that third party. The Federal Supreme Court made the reference to the CJEU. However, the Court stated that, in its opinion, the Court’s previous case law related to patents could be applied to trademark law by analogy. Contrary to the Federal Supreme Court’s view, the Court of Appeal of Cologne had confirmed the liability of commission agents, shipping agents, warehouse keepers and freight forwarders in an older decision (dec. of August 18, 2005, Case No. 6 U 48/05).

10. Netherlands—District Court of The Hague—Does the use of “Dutch Tulip Vodka” qualify as use in accordance with honest practices as a defense to a claim for infringement?

In its decision of July 30, 2018, in Chateau de la Garde/Clusius Heritage, the President of the District Court The Hague considered the issue of use in accordance with honest practices as a defense to a claim for trademark infringement.

The proprietor of two earlier LA TULIPE word marks registered (among others) for glassware and wine, brought an action regarding the registration and use by a distillery of DUTCH TULIP VODKA. The President of the court ruled that DUTCH TULIP VODKA, and in particular the element “TULIP,” referred to the type or quality of the goods, or to the characteristic of the plant of which it is made. It was a known fact that Dutch tulips (or at least tulip bulbs) were used in the production process of the vodka at issue. The word “TULIP” refers to the most important, or at least the distinctive ingredient of the vodka produced by Clusius, and the use of that term must remain free to use in relation to the goods at issue.

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The use qualified as use in accordance with honest practices in industrial or commercial matters because no suggestion of a commercial link was created. It was relevant that the sign DUTCH TULIP VODKA, with the emphasis on the word “TULIP,” was depicted very prominently on the packaging of the vodka, because the use of this ingredient distinguished this type of vodka from other vodkas, which are usually produced using grain or potatoes. This was also explained on the packaging and the public would also perceive this use as descriptive use because (particularly for vodkas) it is commonplace to prominently include an added flavor or the organic base material on the bottle. The descriptive nature of TULIP is further supported by its being surrounded by other descriptive words (“Dutch” and “vodka”).

11. Netherlands—District Court of The Hague—Does the use of the last name of an MMA fighter qualify as use in accordance with honest practices?

Fashion company McGregor, owner of the word mark MCGREGOR, opposed use by Adidas on clothing of the sign CONOR MCGREGOR, an Irish mixed martial arts (MMA) fighter. Among the arguments that Adidas put forth was that it could use the sign at issue as a token of support for the MMA fighter and invoked the “descriptive use” defense (Article 2.23 Benelux Convention on Intellectual Property), which allows use of the name of a party or signs that concern characteristics of the goods or services at issue.

The President of the District Court The Hague, in its ruling of August 10, 2018, in the case McGregor/Adidas, held that such

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use was not in accordance with honest practices in industrial or commercial matters, as required by the relevant provision. The impression of a commercial link between the parties could be created, since among others the element "MCGREGOR" as depicted was very prominent (and bigger than the "CONOR" element) and the connection with the MMA-fighter would be lost. The President also found that the MMA fighter was not so well-known (or at least that such was not made sufficiently likely) that the general public would immediately think of him when seeing the word "MCGREGOR" on clothing (without the first name "CONOR" being sufficiently clearly depicted).

12. France—French Supreme Court—To what extent are national “custom-made” exceptions to trademark infringement compatible with the harmonization requirements of the Trade Mark Directive?

It has been suggested by some commentators from time to time that the French Courts have on occasion maintained positions that are plainly divergent from EU law and CJEU guidance. One such example has been the recent practice of French courts to permit the holding of goods in France, illegally bearing a French trademark, provided that the goods are exclusively intended for export to foreign territories where such affixation cannot be prevented.

By way of context, in a controversial judgment rendered on the grounds of articles L713-2 and L716-10 of the French Intellectual Property Code, the French Supreme Court had ruled in 2007 that merely “holding” products bearing a French trademark in France without the authorization of the trademark owner did not amount to trademark infringement as long as (i) the goods were intended to be merely exported to a country in which they were sold legally, and (ii) there was no risk that they could be marketed in France. According to the Court, these circumstances created a “due cause” for the holding of the goods on the French territory. This decision had been widely criticized as being incompatible with the Trade Mark Directive (at that time, Directive 89/104/EEC), which did not provide for any equivalent exception.

In a high-profile decision, the French Supreme Court overturned this settled case law in its judgment of January 17, 2018. The dispute involved the French Bordeaux wine company Castel Frères,

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201 Buttress BV v. L’Oréal, No. 05-18571 (French Supreme Court, July 10, 2007) (NUTRI RICH).

202 Such interpretation was made possible by the drafting of Article L. 716-10 of the French Intellectual Property Code, which provides for criminal sanctions for trademark infringement when, inter alia, products bearing a trademark are being held with “no due cause” (“sans motif legitime”).
owner of a French trademark for alcoholic beverages represented in Chinese letters which transliteration could be read as “KA SI TE.” Castel Frères issued a claim for trademark infringement against two individuals who had affixed the sign on goods in France intended for export to China. Castel Frères argued that such unauthorized use of its trademark in France amounted to trademark infringement. In line with the Nutri Rich case law, the defendants denied infringement and argued that their use was with “due cause,” since they were exclusively exporting their products to China, where they owned the prior Chinese trademark “KA SI TE” for wine.

According to the Court, the EU Trademark Directives were intended to provide for a complete harmonization of the rules relating to the rights conferred by a trademark. As the Directives do not provide for such a “due cause” exception, the Court held that the Nutri Rich case was an incorrect application of the harmonization principle and that a reversal of case law was required.

Pursuant to this landmark decision, French jurisdictions should no longer rely on the exception of “due cause” to defeat a claim for trademark infringement. The decision reinforces the view that national courts of EU Member States may not create exceptions to the trademark owners’ rights that are not found within the harmonization intended by the EU Trademark Directive(s).

VIII. GEOGRAPHICAL INDICATIONS

A. Introductory Comments

Geographical indications, registered in accordance with Article 16 of Regulation No. 110/2008, protect the source of goods as originating from a particular territory, region or locality where the quality, reputation, or other characteristics of the goods is attributable to the goods’ geographical origin.

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 following two cases concern the enforcement of geographical indications of origin and provide important context for the scope of protection of these rights, which are now of growing importance for

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trademark practitioners. Both involve the same plaintiff, the Scotch Whisky Association.

**B. Legal Texts**

**Article 7 of the 2017 EUTM Regulation**

**Absolute grounds for refusal**

2. The following shall not be registered:

   ( . . . )

   (a)

   (b)

   (c)

   (d)

   (e)

   (f)

   (g)

   (h)

   (i)

   (j) trade marks which are excluded from registration, pursuant to Union legislation or national law or to international agreements to which the Union or the Member State concerned is party, providing for protection of designations of origin and geographical indications;

   (k) trade marks which are excluded from registration pursuant to Union legislation or international agreements to which the Union is party, providing for protection of traditional terms for wine;

   (l) trade marks which are excluded from registration pursuant to Union legislation or international agreements to which the Union is party, providing for protection of traditional specialities guaranteed;

**Article 16(a) to (c) of Regulation (EC) No 110/2008**

. . . the geographical indications registered in Annex III shall be protected against:

   (a) any direct or indirect commercial use in respect of products not covered by the registration in so far as those products are comparable to the spirit drink registered under that geographical indication or in so far as such use exploits the reputation of the registered geographical indication;
(b) any misuse, imitation or evocation, even if the true origin of the product is indicated or the geographical indication is used in translation or accompanied by an expression such as ‘like’, ‘type’, ‘style’, ‘made’, ‘flavour’ or any other similar term;

(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities on the description, presentation, or labelling of the product liable to convey a false impression as to its origin;

(d) any other practice liable to mislead the consumer as to the true origin of the product.”

C. Cases

1. EU—CJEU—What is the proper context for the assessment of whether the presentation and description of a product constitutes an infringement of a Protected Geographical Indication?

Scotch Whisky Association v. Michael Klotz204 concerned an action by the Scotch Whisky Association (“SWA”) seeking an order that Mr. Klotz cease to market a whisky produced in Germany under the name “Glen Buchenback,” a play on words consisting of the name of the origin of the drink at issue in the main proceedings (“Berglen”) and the name of a local river (“Buchenback”).

SWA argued that because the designation “Glen” is widely used in Scotland instead of “valley” and, in particular, as an element of the trademark in the names of Scottish whiskies, it evokes an association with Scotland and Scotch Whisky, despite other information being included on the label that specifies that the product at issue was of German origin.205

The SWA, tasked with protecting the trade in Scottish whisky both in Scotland and abroad, brought an action before the Regional Court of Hamburg, Germany, seeking an order that Mr. Klotz cease to market whisky that is not Scotch whisky on the ground that use of that designation infringes Article 16(a) to (c) of Regulation No. 110/2008, which protects geographical indications of origin. The proceedings were stayed pending guidance from the CJEU.

204 Case C-44/17 (CJEU (Fifth Chamber), June 7, 2018).
205 The label on the whisky bottles in question included the full address of the German producer and the stylized drawing of a hunting horn (called a “Waldhorn” in German), together with “Waldhornbrennerei [Waldhorn distillery], Glen Buchenbach, Swabian Single Malt Whisky, 500 mL, 40% vol., Deutsches Erzeugnis [German product], Hergestellt in den Berglen [produced in the Berglen].”
The request for preliminary ruling concerned the interpretation of Article 16(a) to (c) of Regulation (EC) No. 110/2008 on the definition, description, presentation, labelling, and the protection of geographical indications of spirit drinks. Annex III to the Regulation states that “Scotch Whisky” has been registered as a geographical indication relating to the goods, “whisky,” with the “United Kingdom (Scotland)” listed as the country of origin.

The referring court asked three questions, on which the CJEU gave guidance as follows. The Hamburg Court will need to apply the CJEU’s guidance to determine whether the German whisky product, “Glen Buchenback” directly evokes in the average EU consumer the protected geographical indication of origin, “Scotch Whisky”:

1. Does “indirect commercial use” of a registered geographical indication of a spirit drink in accordance with Article 16(a) of Regulation No 110/2008 require that the registered geographical indication be used in identical or phonetically and/or visually similar form, [(6)] or is it sufficient that the disputed element evokes in the relevant public some kind of association with the registered geographical indication or the geographical area?

If the latter is sufficient: When determining whether there is any “indirect commercial use”, does the context in which the disputed element is embedded then also play a role, or can that context not counteract indirect commercial use of the registered geographical indication, even if the disputed element is accompanied by an indication of the true origin of the product?

The CJEU found that the use of the term “Glen” does not amount to a direct or indirect commercial use of the registered geographical indication “Scotch Whisky.” For Article 16(a) to be applicable, the disputed element must be in a form that is either identical to that indication or phonetically and/or visually similar.

In giving guidance, the CJEU held that the scope of Article 16(a) should be considered narrowly, since an interpretation that was too broad might mean Article 16(b) had little practical effect (Article 16(b) relates to misuse, imitation, or evocation, even where the “true” origin of the product is indicated).

The purpose of Article 16(a) is to prevent traders from making commercial use of a registered name in respect of products that are not explicitly covered by the registration, with the aim of taking unfair advantage of that geographical indication. It is important not only to consider the precise wording of any indication, but also the context in which it occurs. “Use” in the 2015 TM Directive relates not only to use of the protected geographical indication itself but also in a form that is so close that the sign cannot clearly be
dissociated from it (so as to include identical form and a form that is phonetically and/or visually highly similar).

“Direct” use by implication requires that the protected name is directly applied to the product concerned or its packaging, and “Indirect” use arises when it is featured in advertisements or other information sources that might be considered supplemental to that affixation.

(2) Does an “evocation” of a registered geographical indication in accordance with Article 16(b) of Regulation No 110/2008 require that there be a phonetic and/or visual similarity between the registered geographical indication and the disputed element, or is it sufficient that the disputed element evokes in the relevant public some kind of association with the registered geographical indication or the geographical area?

If the latter is sufficient: When determining whether there is any “evocation”, does the context in which the disputed element is embedded also play a role, or can that context not counteract any unlawful evocation of the registered geographical indication, even if the disputed element is accompanied by an indication of the true origin of the product?

The CJEU held that, according to case law, “evocation” means that the consumer is confronted with the name of the product in question, and the image triggered in the consumer’s mind is that of the product with a protected indication. It is essential to a finding of infringement that those consumers establish a link between that term and the protected geographical indication. Citing Viiniverla,206 the CJEU noted that while it is legitimate to find an evocation in cases where products are similar in appearance if the sales names are phonetically and visually similar; it is only one factor and not an essential condition. There may be an “evocation” even if the true origin of the product is indicated.

Article 16(b) requires that the “evocation” of a registered geographical indication prohibited by that provision does not necessarily require there to be phonetic and visual similarity between the disputed designation and the indication in question.

It is not sufficient that the disputed designation is liable to evoke (in the relevant public) some kind of association only with “ideas” with the protected indication or the geographical area relating thereto. In the absence of such similarity, it is necessary to take account of the conceptual proximity between the indication in question and the disputed designation.

For the purposes of establishing the existence of an “evocation” prohibited by Article 16(b), it is not necessary to take account of

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206 Case C-75/15 (CJEU, January 21, 2016) (EU:C:2016:35), para. 35.
additional information found alongside the sign at issue in the description, presentation or labelling of the product concerned, in particular with regard to its true origin.

(3) When determining whether there is any “other false or misleading indication” in accordance with Article 16(c) of Regulation No 110/2008, does the context in which the disputed element is embedded play a role, or can that context not counteract any misleading indication, even if the disputed element is accompanied by an indication of the true origin of the product?

In its third question, the Hamburg Court sought guidance as to whether a “false or misleading indication” could be “cured” by accompanying additional information denoting the “true” origin of the product.

The CJEU confirmed that Article 16(c) widens the scope of protection. It includes any other information provided to consumers in “any form whatsoever” on the description, presentation or labelling of the product. While not going so far as to actually evoke the protected geographical indication, where such information is ‘false or misleading’ in relation to the links between the product concerned and the indication, it is likely to convey a false impression of origin. Taking such additional information into account when assessing “false or misleading impression” would jeopardize the purpose of the legislation, which is to protect geographical indications.

2. Spain—Appeal Court of Granada—Did the use and registration of a product name for whisky produced in Spain infringe the rules of geographical indications in respect of Scotch Whisky?

In *The Scotch Whisky Associations v. José Esteve S.A.*, the plaintiff was (again) The Scotch Whisky Association (“SWA”), whose main functions are to protect and promote the interests of Scotch whisky, including by challenging products that by their presentation or labelling can induce consumers to think that it is Scotch whisky when it is not.

The defendant was a Spanish producer of alcoholic beverages, José Esteve SA, who sold whisky produced in Spain under the trademark “JohnCor.” The label on the bottle, written in English, described the whisky as “A Superior Blend of Aged Whiskies, Distilled and Matured in Oak”). José Esteve owned several Spanish Trademark Registrations for “JohnCor” in Class 33.

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By way of historical background and context, Brother John Cor was a Tironensian monk based at Lindores Abbey in Fife. The Tironensians were well regarded for their skills as alchemists, and Lindores Abbey is known as the “Birthplace of Scotch Whisky.” John Cor is the name of the monk referred to in the first-known written reference to a batch of Scotch Whisky on June 1, 1495 ("To Brother John Cor, by order of the King, to make aqua vitae VIII bolls of malt.” —Exchequer Rolls 1494–95, vol. x, p. 487).

The Scotch Whisky Association filed an invalidity action based on infringement of the rules of geographical indications, on the fact that “JohnCor” is a misleading trademark, on the basis of bad faith, combined with claims for unfair competition. SWA argued that Spanish consumers were likely to associate the name “JohnCor” with Scotch whisky, as this is the name of the monk who created the first sample of Scotch whisky. Such use was misleading, as the whisky sold under the brand “JohnCor” was not produced and bottled in Spain, not Scotland.

The Scotch Whisky Association argued that the applicant had acted in bad faith when filing the application, with the intention of misleading consumers as to the origin of the product, as they had never intended to use the trademark in connection with Scotch whisky. It also argued that the use and registration by the defendant of the trademark “JohnCor” for whisky infringed the rules of geographical indications, more particularly Article 16 of EC Regulation No. 110/2008 of January 15, 2008, on the definition, description, presentation, labelling, and the protection of geographical indications of spirit drinks, as protected in Annex III.

The first instance judgment rejected the claims on the basis that the plaintiff had not proved that the average Spanish consumer made a connection between the name “JohnCor” and Scotch whisky, not even indirectly, as most consumers were totally unaware that John Cor was the monk who “invented” Scotch whisky.

In its appeal decision, the Appeal Court of Granada confirmed the first instance decision and rejected the claims of The Scotch Whisky Association. The key elements of the judgment are summarized below:

(a) The evidence produced did not show that Spanish consumers were acquainted with the person of John Cor and, even less, that when Spanish consumers see the trademark they immediately associated it with Scotch whisky.

(b) The books and articles submitted by SWA were not convincing, as they mainly referred to Scotch whisky in general, and the specific references to the monk John Cor were secondary. In addition, most of the material was undated, with an unknown ISBN, without information on the number of editions and dissemination.
(c) The two surveys filed by the SWA in support of the claims showed that only 36% of interviewed consumers associated the product with Scotch whisky. However, apart from being a rather small percentage, the surveys do not explain why the association was made. It could well be because the product is whisky, because the label is in English rather than, as claimed by the plaintiff, because the name of the product is the monk "John Cor."

(d) Finally, the Appeal Court considered that regardless of the above, the SWA had not proved that, by using trademark "JohnCor," the defendant was infringing Article 16 of EC Regulation No. 110/2008. The defendant was not using "Scotch" and, on the label, informed consumers that the product was bottled in Jerez de la Frontera. Therefore, there is no misuse, imitation or evocation on the origin of the product.

(e) As the argument that "JohnCor" is a misleading trademark failed, so too did the claim based upon bad faith.

Although SWA had asked the Spanish Appeal Court to stay proceedings until the European Court of Justice decided on case "Glen Buchenbach" (case C-44/17 discussed above), the Court declined to do so, since it had no doubt as to how to decide the case.

IX. PRACTICE AND PROCEDURE

A. Introductory Comments

This Part IX contains cases that are of general interest to brand owners and trademark practitioners, since they contain important points of principle on practice and procedure, in particular in relation to the submission of evidence and the standing of parties. Three decisions of the CJEU consider the discretion of EUIPO and its Boards of Appeal in relation to evidence that might be considered in some way “out of time” in respect of (what is now) Article 76 of the 2017 EUTM Regulation. The CJEU also determined what evidence may be required in respect of matters of domestic and national law to enable the EUIPO to understand and apply such law, as well as handing down a decision that considers the extent to which previous EUIPO decisions recognizing the reputation of a trademark may be taken into account as “evidence” of the same reputation in subsequent opposition proceedings. In another case, the CJEU considered a challenge to the legal standing of a body responsible for the collective representation of trademark proprietors in anti-counterfeiting matters. In respect of matters before national courts, the Irish Court of Appeal confirmed that new evidence on appeal should be confined only to exceptional cases and the Swedish Patent and Market Court of Appeal considered the
extent to which concerns over the validity of a trademark may undermine a request for information in a trademark infringement case.

B. Legal Texts

Article 76 of the 2017 EUTM Regulation

Examination of the facts by the Office of its own motion

1. In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to relative grounds for refusal of registration, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought.

2. The Office may disregard facts or evidence which are not submitted in due time by the parties concerned.

C. Cases

1. EU—CJEU—In what circumstances may the EUIPO consider the exercise of its discretion to consider new evidence, submitted out of time?

The CJEU’s decision in mobile.de v. EUIPO\(^ {208}\) of February 28, 2018, relates to the consideration of evidence filed late. In November 2008, mobile.de GmbH filed two applications for EU trademarks with the EUIPO in Classes 9, 16, 35, 38, and 42 for the word mark “mobile.de” and the following figurative sign:

![mobile.de logo](image)

The marks were registered in 2010. In January 2011, Rezon OOD filed two applications for a declaration of invalidity under Article 53(1) of the 2009 EUTM Regulation,\(^ {209}\) read in conjunction with Article 8(1)(b) of the 2009 EUTM Regulation,\(^ {210}\) Rezon relied on the Bulgarian figurative mark registered in April 2005, as reproduced below:

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\(^ {208}\) Case C-418/16 P (CJEU, February 28, 2018).

\(^ {209}\) This provision is now at Article 60(1) of the 2017 EUTM Regulation.

\(^ {210}\) This provision is now at Article 8(1)(b) of the 2017 EUTM Regulation.
The applications for a declaration of invalidity were based solely on the services in Classes 35 and 42.

Before the Cancellation Division of the EUIPO, mobile.de requested that Rezon provide proof of use, per Articles 57(2) and (3) of the 2009 EUTM Regulation, of its earlier mark in Classes 35 and 42. By two decisions of March 28, 2013, the Cancellation Division rejected the applications for a declaration of invalidity on the grounds that Rezon had not adduced such evidence. Rezon appealed that decision. Under Article 76(2) of the 2009 EUTM Regulation, the Board of Appeal took into account a series of additional elements of evidence produced for the first time in the appeal and found that Rezon had, in fact, proved genuine use of the earlier national mark, albeit only for advertising services in relation to motor vehicles in Class 35. The Board annulled the decisions of the Cancellation Division and submitted the invalidity application back to the Cancellation Decision for re-examination. The parties did not put forward any arguments concerning likelihood of confusion under Article 8(1)(b) of the 2009 EUTM Regulation and, accordingly, the Cancellation Division did not consider this point.

Mobile.de brought two actions for annulment of the Board’s decision. The General Court dismissed those actions in their entirety. Mobile.de made a further appeal to the CJEU contesting the General Court’s decision on multiple grounds.

Mobile.de argued that the General Court was incorrect to take into account evidence of use that had been produced outside of the period prescribed by the EUIPO. The appellant argued the General Court had erred in finding that, where some evidence intended to demonstrate use had been produced within the prescribed period, the invalidity proceedings should take their course notwithstanding the fact that such evidence had not actually demonstrated “genuine use” of the earlier mark.

The appellant also reproached the General Court for having applied the provision of Article 76(2) of the Regulation, which

211 These provisions are now at Article 64(2) and 64(3) of the 2017 EUTM Regulation.
212 This provision is now at Article 95(2) of the 2017 EUTM Regulation.
provides that the EUIPO “may disregard facts or evidence which are not submitted in due time by the parties concerned” but gives it a broad discretion whether or not to take such evidence into account. It argued that Article 76(2) of the 2009 EUTM Regulation should apply only “unless otherwise provided”—in other words, unless there was a provision specifying otherwise. While the third subparagraph of Rule 50(1) of the Implementing Regulation contains a special rule enabling the Board to take account of new facts in opposition proceedings, mobile.de submitted that there is no such special rule for invalidity proceedings.

The CJEU stated that, even in light of Article 76(2) of the 2009 EUTM Regulation and as a general rule, the submission of facts and evidence by the parties remains possible after the expiry of the time limits and the EUIPO is in no way prohibited from taking account of facts and evidence that are submitted or produced out of time. By stating that the EUIPO “may” in such a case decide to disregard such evidence, that provision grants the EUIPO broad discretion.

Since the first and second grounds of appeal raised by the appellant concerned the power of the discretion of the Board, it was necessary to determine whether there is a “provision specifying otherwise” in Article 76(2) of the 2009 EUTM Regulation capable of depriving the EUIPO of that discretion. In that regard, Rule 50(1) of the Implementing Regulation provides that the EUIPO is to invite the proprietor of the earlier mark to prove the use of that mark during “a period which it is to specify.” The CJEU held that when no proof of use (that is, no proof at all) is produced within the time limit set by the EUIPO, the application for a declaration of invalidity must be rejected by the EUIPO. As the General Court rightly held, however, such a conclusion does not apply where some evidence intended to show use has been produced within that time limit. Unless it emerges that this evidence is entirely irrelevant for the purposes of establishing genuine use, the proceedings must take their course. As the General Court rightly found, it then remains possible to submit evidence of use of the mark in addition to the evidence adduced within the time period set by the EUIPO, and the EUIPO was entitled to take such further evidence into account pursuant to the discretion that was conferred upon it under Article 76(2) of the 2009 EUTM Regulation. Contrary to the appellant’s submissions, Rule 40(6) of the Implementing Regulation (which states that if proof of genuine use of an earlier mark “is not provided within the time limit set [by the EUIPO], the application for

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declaration of invalidity shall be rejected”) does not constitute a provision contrary to Article 76(2) of the 2009 EUTM Regulation and did not preclude the EUIPO from exercising its discretion to take into account additional evidence filed late. The CJEU noted that the Board of Appeal was not only entitled to request the parties to file observations as often as necessary, but to choose the measures of inquiry for the purposes of its assessment, including the production of facts or evidence.

The CJEU reiterated that under the third subparagraph of Rule 50(1) where the appeal is directed against decisions of an Opposition Division, the Board of Appeal limits its examination of the appeal to facts and evidence presented within the time limits set or specified by the Opposition Division, unless the Board considers that supplementary evidence must be taken into account pursuant to Article 76(2) of the 2009 EUTM Regulation. The Implementing Regulation therefore expressly provides that the Board of Appeal enjoys the discretion deriving from the third subparagraph of Rule 50(1) to decide whether or not to take into account additional or supplementary facts and evidence filed late.

The CJEU recalled that taking facts or evidence into account that have been produced out of time is particularly likely to be justified where the late material is likely to be relevant to the outcome of the application, and where the stage of the proceedings at which that late submission takes place and the circumstances surrounding it do not argue against such matters being taken into account. The same discretion was awarded to subsequent appeal courts. The General Court did not therefore err in law; it had exclusive jurisdiction to find and appraise the relevant facts and to assess the evidence. The CJEU also rejected the appellant’s complaint that the General Court had relied exclusively on the “true relevance” of the additional evidence and had failed to properly consider the stage of the proceedings or whether the surrounding circumstances precluded it being taken into account.

The applicant also argued that the Board of Appeal had wrongly annulled the Cancellation Division’s decisions in their entirety, when Rezon had only been able to adduce evidence of genuine use of its mark in relation to advertising services for motor vehicles in Class 35. However, the CJEU held that the decisions of the Cancellation Division necessarily had to be regarded as having definitively rejected the applications for a declaration of invalidity as regards the other services for which genuine use had not been proven by Rezon. Accordingly, the General Court was right to hold that the Cancellation Division could only take into account the advertising services for motor vehicles in Class 35 in its reassessment of the applications for a declaration for invalidity under Article 8(1)(b) of the 2009 EUTM Regulation.
2. EU—CJEU—The exercise of the discretion of the EUIPO in taking account of evidence submitted late must be based on an objective, reasoned exercise of that discretion rather than an automatic rejection of evidence filed late.

The decision of the CJEU in *EUIPO v. European Food* of January 24, 2018 also considers the status of evidence filed “late” before the EUIPO. In November 2001, the intervener in this case, Société des Produits Nestlé SA, filed an EU application for registration of the word mark FITNESS in Classes 29, 30, and 32. The mark was registered in May 2005. In September 2011, European Food SA filed an application for a declaration that the mark was invalid under Articles 52(1)(a) and 7(1)(b) and (c) of the 2009 EUTM Regulation regarding the invalidity of trademarks that are devoid of distinctive character. In October 2013, the Cancellation Division rejected the application for a declaration of invalidity. In December 2013, European Food filed an appeal with the EUIPO against the decision of the Cancellation Division. In June 2015, the Fourth Board of Appeal of the EUIPO dismissed that appeal.

The Board of Appeal held that the burden of proving that the mark was devoid of distinctive character or was descriptive at the time of its filing (namely, November 2011) lay on the party seeking cancellation of the trademark. The Board found that the term “FITNESS” did not designate an inherent characteristic of the goods concerned but only gave a “vague evocation” that was merely “suggestive” and ambiguous. It therefore considered the FITNESS mark to be sufficiently distinctive and capable of identifying the goods covered by the mark as originating from Nestlé. Regarding alleged descriptiveness, the evidence filed before the Cancellation Division was deemed insufficient to prove descriptiveness. However, a deciding factor in the Board’s decision was that it also rejected certain further evidence submitted by European Foods for the first time before the Board of Appeal, on the grounds that it had been filed late.

Nestlé appealed to the General Court, who annulled the original decision and held that the Board of Appeal was wrong to dismiss the additional evidence on the grounds that it was belated. Moreover, it held that the 2009 EUTM Regulation and Regulation

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217  Case C-634/16 (CJEU, January 24, 2018).
218  This provision is now at Article 59(1)(a) of the 2017 EUTM Regulation.
219  This provision is now at Article 7(1)(b) and 7(1)(c) of the 2017 EUTM Regulation.
220  Case R 2542/2013-4 (June 19, 2015).
2868/95 do not contain any provisions setting a time limit for the production of evidence in invalidity proceedings based on absolute grounds.

The EUIPO appealed to the CJEU on four grounds. First, the EUIPO submitted that the General Court was wrong to find there were no time limits for the production of evidence in such proceedings. Second, it argued that the General Court made an error in law in finding that the absence of time limits for the production of evidence in the context of an application for a declaration of invalidity on absolute grounds for invalidity meant that evidence could be introduced at any time.

In relation to the first two grounds, the CJEU stated that in accordance with Articles 57 and 58 of the 2009 EUTM Regulation, the EUIPO is given a mandate to organize the procedure for invalidity proceedings, which includes the discretion to invite the parties to file observations as often as necessary within prescribed time limits. Although there was no time limit for the filing of an application for invalidity (unlike oppositions, which must be filed within a fixed 3-month opposition period), time limits could nevertheless be set for the submission of evidence in such proceedings.

The CJEU therefore held that the General Court made an error in law in stating that the 2009 EUTM Regulation contains no provisions fixing a time limit for the submission of evidence. Nevertheless, and despite this error, the appeal should still be dismissed if the operative part of the General Court’s judgment was shown to be well founded for other legal reasons. In fact, the General Court had not based its decision on its erroneous finding that there was no time limit, but rather on the fact that the Board erred in deciding that the evidence produced did not have to be taken into consideration. Accordingly, the General Court rightly held that the 2009 EUTM Regulation does not imply that evidence submitted for the first time before the Board must necessarily be regarded as belated, and that the Board had incorrectly treated it as such.

Case law states that there is no reason of principle that would preclude the Board of Appeal from taking into account facts and evidence produced for the first time at the appeal stage. Under Article 64(1) of the 2009 EUTM Regulation, the Board of Appeal may exercise any power that was within the competence of the lower court or department responsible for the contested decision. It is therefore open to the Board to conduct a fresh examination of the

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222 These provisions are now at Articles 64 and 66 of the 2017 EUTM Regulation.
225 This provision is now at Article 71 of the 2017 EUTM Regulation.
case (including by reference to new evidence and facts) to determine the merits of the appeal. The judgment in *Kaul* 226 which was relied on by Nestlé did not infer that all new evidence adduced before the Board of Appeal must be regarded as belated.

The CJEU reiterated that it is always possible to submit evidence for the first time before the Board of Appeal for the purposes of challenging the reasoning of the Cancellation Division. That evidence could either be supplementary to the evidence previously filed, or new evidence that was not available before. The General Court was therefore correct in holding that the evidence submitted for the first time before the Board of Appeal did not have to be considered to be out of time by the Board in all circumstances. The first and second ground of appeal were therefore rejected.

Moreover, the third subparagraph of Rule 50(1) of Regulation 2868/95 (which limits the Board of Appeal’s examination of evidence to that which had been submitted in due time to the Opposition Division) was specific to appeals against decisions of an Opposition Division and did not apply in the context of invalidity proceedings. Consequently, the General Court was right to hold that the third sub-paragraph of Rule 50(1) was not applicable in the context of invalidity proceedings based on absolute grounds for invalidity. This part of the appeal was also rejected.

Fourth, the EUIPO claimed that the General Court’s judgment deprived the Board of Appeal of the power conferred on it by Article 76(2) of the 2009 EUTM Regulation to assess whether the late evidence produced could be taken into account. The General Court had held that the Board of Appeal had made an error of law in deciding that the evidence submitted by European Food for the first time before the Board did not have to be taken into consideration because of its late submission. However, it was clear on the face of Article 76(2) of the 2009 EUTM Regulation that although the EUIPO may disregard facts or evidence not submitted in due time, this did not in any way prohibit the EUIPO from taking such evidence into account where appropriate. In this case, Article 76(2) of the EUTM Regulation conferred a wide discretion on the Board of Appeal to determine whether the evidence submitted to it could still be taken into account, despite being technically “belated.” That determination had to result from an objective, reasoned exercise of that discretion, rather than an automatic rejection of evidence filed late.

The CJEU reiterated that taking facts or evidence into account that have been submitted out of time is likely to be justified where the EUIPO considers, firstly, that the late material is, on the face of it, likely to be genuinely relevant and, second, that the stage of the proceedings at which the late submission takes place and the

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circumstances surrounding it do not argue against such matters being taken into account.

3. EU—CJEU—Can earlier EUIPO decisions recognizing the reputation of a trademark be taken into account as evidence in subsequent opposition proceedings?

The CJEU’s decision in *EUIPO v. Puma SE*\(^{228}\) considers the status of previous decisions relating to trademarks and associated reputation. In February 2013, Gemma Group filed an application to register the following figurative sign as an EU trademark in Class 7:

![Figurative sign for Gemma Group](image)

In July 2013, Puma filed a notice of opposition based on the following earlier international figurative marks in Classes 18, 25, and 28 as represented below:

![Figurative marks for Puma](image)

In support of its opposition based on Article 8(5) of the 2009 EUTM Regulation,\(^{229}\) Puma relied on the reputation of the earlier trademarks in all Member States.

In March 2014, the Opposition Division of the EUIPO rejected the opposition in its entirety. The Opposition Division found a certain degree of similarity between the signs but that for reasons of procedural economy it was not necessary to examine the evidence that Puma had filed to prove extensive use and reputation. According to the Opposition Division, even on the assumption of enhanced distinctiveness, due to the differences between the goods covered, the relevant public would not establish a link between the marks at issue, as required by Article 8(5) of the 2009 EUTM Regulation.

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\(^{227}\) See, to that effect, the judgments of OHIM v. Kaul, Case C-29/05 P (CJEU, March 13, 2007) (EU:C:2007:162) and Rintisch v. OHIM, Case C-120/12 P (CJEU, October 3, 2013) (EU:C:2013:638).

\(^{228}\) Case C-564/16 P (CJEU, June 28, 2018).

\(^{229}\) This provision is now at Article 8(5) of the 2017 EUTM Regulation.
Puma appealed in May 2014. The Fifth Board of Appeal\textsuperscript{230} found that although there was a certain degree of visual similarity between the marks, the Opposition Division had not confirmed that the earlier trademarks had a reputation. Even assuming the reputation of the earlier marks, the existence of an unfair advantage taken of the distinctive character or repute of the earlier marks had also not been satisfied.

On appeal to the General Court of the CJEU\textsuperscript{231} Puma argued that the Board of Appeal had infringed the principles of legal certainty by rejecting the evidence relating to the reputation of the earlier trademarks. The Opposition Division had therefore not carried out the requisite examination relating to reputation. In its judgment, the General Court considered that the earlier trademarks had been found to have a reputation and be widely known to the public by the EUIPO in three previous decisions, borne out by a number of decisions from national offices and that this finding was a finding of fact, which did not depend on the trademark applied for. Therefore, the Board of Appeal could not depart from the EUIPO’s decision-making practice without providing explanation. The General Court rejected the EUIPO’s argument that those decisions did not have to be taken into account and explained that the Board of Appeal enjoys discretion, under Rule 50(1) of Regulation No. 2868/95, to decide whether or not to take into account additional or supplementary facts and evidence. The General Court concluded that the strength of the earlier trademarks’ reputation had to be taken into account in the overall assessment of harm for the purposes of Article 8(5) of the 2009 EUTM Regulation. As such, the Board of Appeal’s error in law might have had a decisive influence on the outcome of the opposition, since it had not carried out a full examination of the reputation of the earlier trademarks. As a result, the General Court was prevented from ruling on the alleged infringement of Article 8(5) of the 2009 EUTM Regulation. The General Court upheld Puma’s first plea in law without examining the other pleas and annulled the decision at issue insofar as the Board of Appeal had rejected its opposition.

The EUIPO appealed to the CJEU. The EUIPO alleged that, having found that Puma “duly relied on” the three previous decisions, the General Court accepted an imprecise reference to finding reliable evidence of reputation. The EUIPO argued that a mark having a reputation must be established in each case and that previous decisions cannot constitute evidence of reputation in subsequent proceedings. Puma argued that the General Court “duly relied on” the three previous decisions as part of its duty to show

\textsuperscript{230} Case R 1207/2014-5 (December 19, 2014).

reputation of the earlier marks and that such earlier decisions constituted invaluable and conclusive evidence of the reputation of the earlier marks.

The CJEU judgment emphasized that the 2009 EUTM Regulation does not list the forms of evidence that the opponent may present in order to demonstrate the existence of the earlier marks’ reputation. Therefore, the opponent is free to choose the form of evidence that it considers useful to submit. The EUIPO is obliged to examine the evidence and cannot reject out of hand a type of evidence solely based on its form. Nothing precludes earlier EUIPO decisions determining the existence of reputation in other inter partes proceedings from being relied on as evidence in support of reputation, in particular where they are identified in a precise manner and their substantive content is laid out. Equally, the EUIPO must take into account decisions previously taken in respect of similar applications. The CJEU therefore rejected the EUIPO’s argument that the General Court made an error of law when it found that the three previous decisions had been “duly relied on” by Puma. The General Court had noted that the reputation of the earlier marks had been established by the EUIPO in the three previous decisions, which were borne out by a number of national decisions concerning the same earlier marks. The finding that the earlier marks had a reputation was a finding of fact that must be examined by taking into account the factual circumstances of each individual case.

The CJEU agreed with the General Court that the Board of Appeal failed to cite from among the “evidence submitted by the opponent” the three previous decisions and in the “Reasons” for the Board of Appeal’s decision, it neither mentioned nor analyzed those decisions either as to their content or their probative value in establishing any reputation in the earlier marks. Therefore, the General Court did properly consider Article 76(1) of the 2009 EUTM Regulation, read in conjunction with Rule 19(2)(c) of Regulation No. 2868/95 and Article 8(5) of the 2009 EUTM Regulation in holding that the Board of Appeal had disregarded the principles of sound administration.

The EUIPO also alleged that the Board of Appeal should have invited Puma to submit supplementary evidence of the reputation of the earlier marks (if only to refute that evidence) as it was permitted to do by the third paragraph of Rule 50(1) of Regulation 2868/95. The CJEU held that the General Court correctly referred to the case law to grant the EUIPO discretion to decide whether or not to take into account supplementary evidence. The substantive content of the three previous decisions was set out by Puma to the Opposition Division and was a strong indication that the earlier marks could be regarded as having a reputation for the purposes of
Article 8(5) of the 2009 EUTM Regulation. The EUIPO was therefore required to take into account the three previous decisions.

4. EU—CJEU—To what extent must arguments based upon rights under national law in a Member State be supported by evidence of such law to enable the EUIPO to understand and apply the content of the relevant legislation?

The CJEU’s ruling in EUIPO v. Group OOD on April 19, 2018, related to the EUIPO’s appeal to set aside the General Court’s decision on Group OOD’s opposition to the below figurative mark for certain services in Classes 35, 39, and 43:

In July 2012, Group OOD opposed this mark pursuant to Article 41 of the 2009 EUTM Regulation. Group OOD claimed that it was the proprietor of a similar unregistered mark which it had used since 2003 for services in Class 39 in Bulgaria, Czech Republic, Hungary, Poland, and Slovakia (namely in relation to international bus transport services between Sofia (Bulgaria) and Prague (Czech Republic)). The mark used by Group OOD is as set out below:

The Opposition Division dismissed Group OOD’s objection, noting it had failed to specify and provide evidence regarding the national law applicable to its unregistered mark that would prohibit use of the trademark applied for in the Member States concerned. The Fourth Board of Appeal dismissed Group OOD’s appeal against the Opposition Division’s decision, adding that, contrary to Rule 19(2) of Regulation No. 2868/95, the documents filed by Group OOD

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232 Case C-478/16 (CJEU, April 19, 2018).
233 This provision is now at Article 46 of the 2017 EUTM Regulation.
during the opposition proceedings did not include any reference to Bulgarian law (in respect of the Bulgarian unregistered trademark). Moreover, the later references to Bulgarian legal provisions made before the Board of Appeal were out of time as they should have been made within the time limits of the opposition proceedings.

On August 1, 2014, Group OOD appealed to the General Court for annulment of the Board of Appeal’s decision, based upon contravention of Articles 76(1), 76(2), and Article 8(4) of the 2009 EUTM Regulation. The General Court upheld Group OOD’s claims in their entirety, holding that the Board of Appeal’s discretion regarding facts and evidence adduced late should not be exercised in a restrictive manner. Rejecting the EUIPO’s argument that the references to the three provisions of Bulgarian law constituted “new” evidence, the General Court held that the evidence was concerned with proving the acquisition of distinctiveness, continued existence, and scope of protection of the unregistered mark. The evidence was therefore permissible “supplementary” evidence. It also held that, even if the reference to the Bulgarian legislation were insufficient to comply with the evidentiary obligations with respect to national legislation, the Board of Appeal should have exercised discretion and assessed of its own volition Bulgarian national law and the applicability of the ground for refusal, in order to evaluate the accuracy and evidential value of the facts and documents submitted. This included verifying the wording and scope of the national law provisions relied upon, and the Board of Appeal could not dismiss the reference to Bulgarian law without having corroborated the information by carrying out further research.

On September 19, 2016, the EUIPO appealed to the CJEU on the following four grounds:

(i) the requirements to be met by any party opposing the registration of a trademark have been clearly defined, and it was necessary not only to fulfil the conditions relating to national law referred to in Article 8(4) of the 2009 EUTM Regulation but also to provide evidence of the wording of that legislation. Failure to meet those requirements before the Opposition Division within the time limit cannot be remedied before the Board of Appeal;

(ii) Article 76(2) of the 2009 EUTM Regulation, in conjunction with Rule 50(1) of Regulation 2868/95, applies only to facts and evidence which are submitted for the first time before the Board of Appeal and are “supplementary” to the facts and evidence already produced;

(iii) in the context of Article the General Court erred in law by accepting that any information subsequently produced by

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Group OOD was “supplementary” to the evidence already provided; and

(iv) the General Court’s decision failed to establish whether there was a sufficiently close link between the information concerning the national legislation provided to the Board of Appeal and that provided initially to the Opposition Division; in the absence of such a link, the evidence should be classified as “new.”

Group OOD denied that the references to Bulgarian law were “new” evidence. Group OOD agreed with the General Court that discretion should be exercised when the evidence provided is of such importance to the outcome of the conflict in question, and Article 76(2) of the 2009 EUTM Regulation does not preclude that information from being taken into consideration. Moreover, relying on Article 8(4) of the 2009 EUTM Regulation, Group OOD claimed that national law was only one of the elements used to prove the existence of a valid right in respect of an unregistered trademark.

The CJEU rejected the EUIPO’s appeal. Dealing first with the EUIPO’s second ground of appeal and citing Article 76(2) of the 2009 EUTM Regulation, the CJEU accepted that the EUIPO may disregard evidence that parties did not produce in due time. However, the CJEU observed that the wording of the provision conferred on the EUIPO a wide discretion to determine whether or not to take account of the belated evidence produced; the EUIPO was not in any way prohibited from taking late evidence into account. Further, Rule 50(1) of Regulation 2868/95 expressly confirmed this. The CJEU, rejecting this ground, concluded that the General Court did not err in law when considering that the late references to Bulgarian legislation provided by Group OOD did not constitute “new” evidence. Also rejecting the EUIPO’s third ground, the CJEU re-emphasized that the General Court did not extend the Board of Appeal’s discretion to “new” evidence.

Regarding the EUIPO’s first ground, the CJEU confirmed that there is no specific form or exhaustive list of evidence that must be provided by an opponent. Dismissing this ground, the CJEU held that Group OOD’s explicit reference to the Bulgarian law could form part of the evidence to prove this condition.

Finally, dismissing the EUIPO’s fourth ground, the CJEU noted that the General Court had been correct to hold that a link existed between the information concerning the national legislation provided to the Board of Appeal and that provided initially to the Opposition Division. In particular, the CJEU observed that the relevant Bulgarian legislation was invaluable for the assessment of the evidence produced by Group OOD, which would otherwise have been of little use. The elements of the national law relied upon must enable the EUIPO to correctly and unequivocally identify the applicable law as well as enable the EUIPO to understand and apply
the content of such legislation, the conditions for obtaining the protection and the scope thereof. However, to achieve these objectives, the EUIPO should exercise a broad level of discretion in terms of verifying the evidence provided and carrying out its own in-depth research, since there is no obligation to provide the text of the legislation from an official source or in any particular form.

5. EU—CJEU—What is the legal standing of a body for the collective representation of trademark proprietors?

The CJEU's decision in Coöperatieve Vereniging SNB-REACT U.A. v. Deepak Mehta considers the standing of a body tasked with collective representation of trademark proprietors in respect of anti-counterfeiting activities.

SNB-REACT brought proceedings before the Harju Maakohus (Court of First Instance, Harju, Estonia) against Mr. Mehta, seeking damages and an injunction terminating the infringement of the rights of ten of its brand owner members. SNB-REACT argued that Mr. Mehta had registered domain name addresses and unlawfully used signs identical to trademarks owned by its members. Mr. Mehta disagreed. While acknowledging his ownership of 38,000 IP addresses, Mr. Mehta argued that he had rented them only to two third-party companies and therefore he was to be viewed solely as offering a service providing access to an electronic communications network.

Under Article 4(c) of Directive 2004/48, Member States are required to recognize IP collective rights-management bodies as persons entitled to seek applications of procedures and remedies, insofar as permitted by and in accordance with the provisions of the applicable law. Article 60(2) of the kaubamärgiseadus (Estonian Law on trademarks) provides that: “For the defence of his rights, the proprietor of a trademark may be represented by an organisation, with legal capacity, representing trademark proprietors of which he is a member.” Article 8(1) of the infóhiskonna teenuse seadus (Estonian Law on information society services) states that “where a service consists exclusively of transmission in a publicly accessible data transmission network of information provided by a user . . . the service provider shall not be liable for the content of the information transmitted. . . .”

In the Harju Maakohus (Court of First Instance), the Court ruled that SNB-REACT had failed to show that it had standing to bring an action in its own name and that it did not itself own any rights over the relevant trademarks, pursuant to Article 60(2). Further, the evidence adduced demonstrated neither that Mr.

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235 Case C-521/17 (CJEU, August 7, 2018).
Mehta was the owner of those domain names and websites, nor that he had unlawfully used the signs at issue.

On appeal to the Tallinna Ringkonnakohus (the Court of Appeal, Tallinn, Estonia), SNB-REACT first submitted that it is possible to interpret Article 601(2) as meaning that a collective representation body has standing to bring an action and defend the rights and interests of its members, and second, that the limitation of liability set out in Article 8(1) of the 2009 EUTM Regulation applies in fact to service providers who act only as neutral intermediaries. Mr. Mehta is aware and plays an active part in the infringement of IPRs.

The Tallinn Court of Appeal stayed proceedings and referred two questions to the CJEU:

1. whether a body such as SNB-REACT has standing to bring action in its own name to defend the rights of its members; and
2. whether Mr. Mehta's liability is established, even if he has not used signs in breach, inasmuch as he has provided services to persons who operate the domain names and use those signs unlawfully?

In relation to the first question, the CJEU held that Article 4(c) of Directive 2004/48, read in conjunction with Recital 18 of the same Directive, cannot be interpreted as meaning that it affords unlimited discretion to Member States as to whether or not to recognize IP collective rights-management bodies as persons entitled to seek remedies. Such an interpretation would, in fact, render that provision entirely ineffective.

The CJEU stressed that it is apparent from recital 18 of Directive 2004/48 that persons who have a direct interest in the defense of intellectual property rights may be recognized as persons entitled to seek procedures and remedies, which may include professional organizations in charge of the management of those rights for their collective and individual defense. Member States are therefore required to recognize such bodies as a person entitled to bring legal proceedings for the purpose of enforcing such rights. Under Article 4(c), the body in the main proceedings therefore is entitled to seek, in its own name, the application of the remedies laid down by Directive 2004/48, on the condition that that body is regarded by national law as having a direct interest in the defense of those rights.

In relation to the second question referred, the CJEU held that the EU legislature has defined the concept of “information society service” (“ISS”) as covering services provided at a distance at the request of recipients of services, normally in return for remuneration.\footnote{See Google France and Google, Cases C-236/08 to C-238/08 (CJEU, March 23, 2010).} This concept includes services contributing to
facilitating relations between persons engaged in online sales. \(^{237}\) It is for the national court to determine whether the service at issue in the case comes within the scope of this notion and decide for the purposes of Articles 12(1), 13(1), and 14(1) of Directive 2000/31 (the E-Commerce Directive) whether the service constitutes a mere “conduit,” “caching,” or “hosting” and then to verify whether the conditions relating specifically to the category of service at issue have been met. The CJEU explained that it is settled case law that the exemptions from liability established in the Articles listed above cover only cases in which the activity of the ISS provider is of a mere technical, automatic, and passive nature, which implies that that service provider has neither knowledge of nor control over the information that is transmitted or stored by persons to whom he provides services. \(^{238}\) By contrast, those limitations do not apply where a provider of ISSs plays an “active role” in allowing its customers to optimize their online sales activity. \(^{239}\) It is therefore for the national court to satisfy itself as to whether such a service provider has neither the knowledge of nor control over the information transmitted or cached by his clients when playing an “active role” in allowing them to optimize their online sales activity.

### 6. Ireland—Irish Court of Appeal—Admission of new evidence on appeal should be confined to exceptional or special cases

*Diesel S.p.A. v. The Controller of Patents, Designs and Trade Marks and Montex Holdings Ltd*\(^ {240}\) is an appeal brought by the Controller of Patents, Designs and Trade Marks from a High Court decision. In giving its judgment, the Irish Court of Appeal has confirmed that the circumstances in which new evidence can be admitted in a trademark appeal are very narrow indeed.

The case is the latest round of a more than twenty-year-old dispute between Diesel S.p.A. (“Diesel SPA”) the Italian company that sells jeans and other clothing items internationally under the DIESEL mark and Montex Holdings Limited, an Irish company that has been selling fashion wear and jeans under its own DIESEL mark in Ireland since 1979. Montex had originally sought to have DIESEL registered as an Irish mark and Diesel SPA had successfully opposed the application. The Controller’s decision was upheld on appeal by the Irish Supreme Court in 2001.

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\(^{237}\) See L’Oréal and Others, Case C-324/09 (CJEU, July 12, 2011).

\(^{238}\) See Google France and Google, Case C-236/08 (March 23, 2010), and McFadden v. Sony Music, Case C-484/14 (September 15, 2016).

\(^{239}\) See L’Oréal and Others, Case C-324/09 (July 12, 2011).

\(^{240}\) [2018] IECA 299 Unreported (Irish Court of Appeal, October 2, 2018).
In 1994 Diesel SPA filed its own Irish trademark application for DIESEL in respect of clothing. This was opposed by Montex, but the opposition proceedings before the Controller were delayed for many years and it was not until 2013 that the Controller issued a decision upholding the opposition and refusing Diesel SPA’s application. Diesel SPA appealed this decision to the High Court in early 2014, seeking leave to admit additional evidence in support of its application.

Diesel Spa applied to admit a range of new evidence including new sales invoices, magazine advertisements and proof of circulation, affidavit evidence to demonstrate proof of sales and reputation and to disprove use of the Montex brand during the relevant period and also certain public record documents. In the Irish High Court, the hearing judge, Binchy J., admitted this new evidence by applying the Hunt-Wesson test from English case law. This test considers the following factors in respect of applications to admit new evidence in an appeal from a decision of the UK Trade Mark Registry:

(i) Whether the evidence could have been filed earlier and, if so, how much earlier;
(ii) If it could have been, what explanation for the late filing had been offered to explain the delay?
(iii) The nature of the mark;
(iv) The nature of the objections to it;
(v) The potential significance of the new evidence;
(vi) Whether or not the other side would be significantly prejudiced by the admission of the evidence in a way which it should not be;
(vii) The desirability of avoiding a multiplicity of proceedings; and
(viii) The public interest in not admitting invalid trademarks to the register.

The Controller of Patents, Designs and Trade Marks appealed Binchy J’s judgment. In giving its decision, the Irish Court of Appeal noted that the test from the Hunt-Wesson case had been used only once previously in Ireland in Unilever v. Controller of Patents and Sunrider Corporation and even then by the consent of both parties. In that case the hearing judge, Laffoy J., had noted that this test appeared more liberal than the general principles for admission of new evidence as set out by the Supreme Court in Murphy v.

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241 Hunt-Wesson Inc.’s trademark application (also known as the ‘Swiss Miss’ case) [1996] RPC 233 (December 21, 1995).
Minister of Defence. In Murphy, the principles to govern admission of evidence in appeals from the High Court had been defined as follows:

(i) The evidence sought to be adduced must have been in existence at the time of the trial and must have been such that it could not have been obtained with reasonable diligence for use at the trial;

(ii) The evidence must be such that if given it would probably have an important influence on the result of the case, though it need not be decisive; and

(iii) The evidence must be such as is presumably to be believed or, in other words, it must be apparently credible, though it need not be incontrovertible.

Laffoy J. agreed in the Unilever case to apply the Hunt-Wesson test based on both parties’ consent, but ultimately refused the application to admit further evidence because on the particular facts she considered that it would amount to a party being able to “mend its hand” after having seen the Controller’s decision.

On appeal, the Court of Appeal in Diesel agreed with the concern noted by Laffoy J. in Unilever. Although there is a public interest in ensuring that potentially invalid marks are not registered, if the rules for admission were relaxed for intellectual property cases then this could be the “thin end of the wedge” for other types of cases involving public registers and potentially for other types of administrative law actions. Apart from this, the Court found that the Hunt-Wesson test failed to secure the public policy objective of finality in litigation and could encourage a casual approach before the Controller in that parties might believe that any evidential deficiency could be cured on appeal to the courts. Finally, the Court of Appeal noted that it considered itself bound by the Murphy principles as developed previously by the Supreme Court, on the basis that an appeal from the Controller to the High Court was equivalent to an appeal from the High Court.

Overall, the Court of Appeal confirmed the principle that the admission of new evidence should largely be confined to exceptional or special cases. In applying the Murphy principles, it found that almost all of Diesel SpA’s new evidence could have been filed at the time of the original application in 1994 and in addition that there had been no clear reason given for the delay, such that it looked as if Diesel SpA was seeking to “mend its hand,” which was, of course, the concern voiced by Laffoy J. in Unilever. In these circumstances the Court of Appeal allowed the appeal and refused permission for Diesel SpA to admit further evidence.
7. Sweden—Swedish Patent and Market Court of Appeal—In requesting an order to provide information in trademark infringement cases, what constitutes “reasonable grounds” of the existence of a trademark right for which validity had been challenged?

In Case No. PMÖ 11215-17, a decision of the Swedish Patent and Market Court of Appeal, the court made an important clarification regarding the plaintiff’s burden of proof when requesting an order to provide information in trademark infringement cases.

The plaintiff, Crocs Europe B.V. (“Crocs”) sued ÖoB AB (hereafter “ÖoB”) for trademark infringement. ÖoB had sold a plastic shoe that Crocs considered to be infringing one of their Swedish figurative trademark registrations that depicted a shoe without any markings. As part of the dispute, Crocs submitted a request for the court to order ÖoB to provide information to Crocs, under the penalty of a fine, regarding ÖoB’s sales of the plastic shoes. Crocs had received a positive decision from the Patent and Market Court, who granted the request, but the Patent and Market Court’s decision was appealed to the Patent and Market Court of Appeal by ÖoB.

ÖoB argued that the decision by the Patent and Market Court should be overturned, since they had initiated a revocation action against the trademark upon which the request was based. According to ÖoB, the trademark registration would likely be revoked, since it only consisted of the shape and form of a plastic shoe, and thus lacked distinctiveness. ÖoB claimed that, according to relevant Swedish Supreme Court case law, the claimant had to show reasonable grounds for the existence of a trademark right, and that a trademark registration did not enjoy a presumption of validity when requesting a court order to provide information. Crocs in reply argued that the trademark registration did enjoy a presumption of validity.

The Appeal Court initially considered the parties’ arguments regarding the presumption of validity of a trademark registration. According to the Court, the relevant Swedish Supreme Court case law had stated that in these types of cases the plaintiff had to show reasonable grounds for the existence of a trademark right and that the trademark right has been infringed. According to the Appeal Court, the fact that a registration had been obtained did provide a presumption of validity to some extent. However, the Court also stated that the presumption of validity could be broken

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244 Case No. PMÖ 11215-17 (Swedish Patent and Market Court of Appeal, July 20, 2018).
245 Case Ö4817-09 (Swedish Supreme Court, December 21, 2012).
if the defendant raised circumstances and evidence that suggested that the registration should not have been granted or that the registration should be revoked. If the presumption of validity is broken, the Court argued that there would be no reasonable grounds for trademark infringement.

When the Court considered the facts of the case, they established that ÖoB had indeed raised such circumstances and evidence which created sufficient doubts regarding the validity of Crocs’ trademark registration, something that, in turn, led the Court to reach the conclusion that Crocs did not meet the necessary burden of proof in the form of showing reasonable grounds that their trademark registration was infringed. Thus, the Court denied Crocs’ request for the Court to order ÖoB to provide information under penalty of a fine.

The decision is interesting because it shows that a trademark registration cannot always be solely relied upon when requesting a court order to provide information in trademark infringement cases, since the presumption of validity exists but is not absolute. The plaintiff will have to consider whether or not the validity of their trademark registration could be questioned by the counterparty and, if so, whether or not it is plausible that the defendant can raise reasonable doubts regarding the validity of the trademark registration upon which the request is based.

X. JURISDICTION

A. Introductory Comments

This final Part X considers the issue of jurisdiction as between designated EUTM courts under Article 123 of the 2017 EUTM Regulation and the interaction between those courts taking into account the provisions of Article 30 of EU Regulation No. 1215/2012 on the jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (often referred to as Brussels I, or the Brussels Regulation). A decision of the Appeal Court of Alicante (EUTM Tribunal) determined a challenge to the grant of a Pan-EU preliminary injunction on a number of grounds, including in respect of Article 30 of the Brussels Regulation, whilst the Austrian Supreme Court determined the effects of a prior judgment of the courts in the Netherlands in respect of similar matters. Finally, the UK Court of Appeal made a preliminary reference to the CJEU in respect of Articles 97 and 98 of the CTM Regulation (codified version) (now Articles 12 and 126 of the 2017 EUTM Regulation) as to which EUTM court had jurisdiction to hear matters of infringement in respect of the online offer of sale from a website in one Member State directed to consumers in another Member State.
**Article 8(2) of the Rome II Regulation (No 864/2007)**

2. In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.

**Article 7 of the Brussels Regulation (No. 1215/2012)**

**Special jurisdiction**

A person domiciled in a Member State may be sued in another Member State:

... (2) in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur;

**Article 30 of the Brussels Regulation**

**Lis Pendens—related actions**

1. Where related actions are pending in the courts of different Member States, any court other than the court first seised may stay its proceedings.

2. Where the action in the court first seised is pending at first instance, any other court may also, on the application of one of the parties, decline jurisdiction if the court first seized has jurisdiction over the actions in question and its law permits the consolidation thereof.

3. For the purposes of this Article, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.

**Article 124 of the 2017 EUTM Regulation**

**Jurisdiction over infringement and validity**

The EU trade mark courts shall have exclusive jurisdiction:

(a) for all infringement actions and—if they are permitted under national law—actions in respect of threatened infringement relating to EU trade marks;

(b) for actions for declaration of non-infringement, if they are permitted under national law;
(c) for all actions brought as a result of acts referred to in Article 11(2);
(d) for counterclaims for revocation or for a declaration of invalidity of the EU trade mark pursuant to Article 128.

Article 125 of the 2017 EUTM Regulation

International jurisdiction

1. Subject to the provisions of this Regulation as well as to any provisions of Regulation (EU) No 1215/2012 applicable by virtue of Article 122, proceedings in respect of the actions and claims referred to in Article 124 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 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 the Office has its seat.

4. Notwithstanding the provisions of paragraphs 1, 2 and 3:
   (a) Article 25 of Regulation (EU) No 1215/2012 shall apply if the parties agree that a different EU trade mark court shall have jurisdiction;
   (b) Article 26 of Regulation (EU) No 1215/2012 shall apply if the defendant enters an appearance before a different EU trade mark court.

5. Proceedings in respect of the actions and claims referred to in Article 124, with the exception of actions for a declaration of non-infringement of an EU trade mark, may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened, or in which an act referred to in Article 11(2) has been committed.
Article 126 of the 2017 EUTM Regulation

Extent of jurisdiction

1. An EU trade mark court whose jurisdiction is based on Article 125(1) to (4) shall have jurisdiction in respect of:
   (a) acts of infringement committed or threatened within the territory of any of the Member States;
   (b) acts referred to in Article 11(2) committed within the territory of any of the Member States.

2. An EU trade mark court whose jurisdiction is based on Article 125(5) shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated.

1. Spain—Appeal Court of Alicante (EUTM Tribunal)—Should the grant of a Pan-EU preliminary injunction be suspended under the Brussels Regulation?

This dispute involved two Swiss companies, SKY International A.G. and SKW Europe S.A. Article 125 of the 2017 EUTM Regulation states that if neither the defendant nor the plaintiff is domiciled or has an establishment in an EU Member State, infringement proceedings shall be brought in the courts of the Member State where the Office has its seat, being the EU Trademark Courts of Spain.

The plaintiff, SKY International AG, is a subsidiary of SKY PLC, a leading media and entertainment company in Europe, owner of EUTM registrations No. 126425 SKY, No. 8178436 SKY, No. 10155244 SKY TV, No. 12044244 SKY +, No. 4250841 SKY HD, No. 13085972 SKY WORLD and No. 12013504 SKY SHARE, covering a wide range of goods and services in Classes 9 and 38 including television apparatus and telecommunication services.

In late 2016, SKY International AG filed a request for a Pan-European preliminary injunction against the company SKW Europe S.A, who was distributing television sets in Europe under the trademark SKYWORTH. On September 1, 2017, the EU Trademark Court of Spain, in Alicante, granted SKY International AG a preliminary injunction prohibiting the offering, advertising, and promotion of SKYWORTH branded televisions by the defendant across the entire EU. The judge acknowledged the reputation and distinctiveness of the various SKY trademarks in Europe and found the use of SKYWORTH for televisions was likely to cause consumer confusion and damage to the SKY trademarks.

The defendant appealed the preliminary injunction decision on a variety of grounds claiming: (1) *lis pendens* because there was a pending invalidity action in Italy where the same plaintiff was
trying to invalidate Italian Trademark Registration No. 1084678 SKYWORTH and the Italian designation of International Trademark No. 868420 SKYWORTH, (2) lack of *fumus boni iuris* (likelihood of success in the main proceedings) because the plaintiff’s trademarks were invalid for non-use, invalid for being descriptive, and there is no likelihood of confusion between SKY and SKYWORTH and (3) a lack of *periculum in mora* (danger in the delay).

In its decision of June 8, 2018, the Appeal Court of Alicante confirmed the preliminary injunction against the defendant, ordering the immediate cessation of any commercialization of television sets in Europe under the SKYWORTH trademark.

The reasoning of the Appeal Court was briefly as follows. First, the Appeal Court rejected the petition for suspension of the case based on the prior invalidity action in Italy. Although the Brussels Regulation provides that where related actions are pending in the courts of different Member States, any court other than the court first seized should stay its proceedings (Article 30(1)) and that actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings (Article 30(3)), the Court refused to suspend the case. The action in Italy was of a different nature (invalidity / infringement) and the defendant was not the same entity in that action, since it was the Chinese company Skyworth Group Co. Ltd. In addition the petition for suspension had been rejected by the Court in the substantive proceedings so it could not be discussed in the preliminary injunction proceedings, which were not determinative of the entire complaint between the parties.

In relation to the revocation of the SKY trademarks for non-use in connection with goods in Class 9, this allegation could only be effective against the oldest trademark, since it was the only one granted more than five years before the filing of the infringement action. As the remainder of the trademarks were not subject to use requirements, the allegation failed.

The court rejected the argument that the SKY trademarks were descriptive and hence invalid since the modern broadcast of TV is not solely made through the “air” (through radio or satellite waves) but mainly through terrestrial transmissions. In any event, the SKY trademarks were so well-known that they had acquired a secondary meaning.

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246 Appeal No. 66/2018 (June 8, 2018).

247 Article 30 of EU Regulation No. 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (sometimes known as “Brussels I” or “the Brussels Regulation”).
On the likelihood of confusion, the Court held that the trademarks SKY and SKYWORTH were confusingly similar, since the latter fully contained the earlier mark. The goods were identical or complementary (telecommunications/telecommunications apparatus). The fact that the plaintiff had a family of well-known trademarks SKY reinforced the likelihood of association as consumers could erroneously believe that SKYWORTH was another brand under the umbrella of SKY International.

The defendant had also argued that it owned trademark registrations for SKYWORTH in Europe, so it had the right to use them unless they were cancelled. The Court of Appeal referred to the CJEU’s findings in FCI Fédération Cynologique Internationale:248 “Article 9(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trademark must be interpreted as meaning that the exclusive right of the proprietor of a Community trademark to prohibit all third parties from using, in the course of trade, signs identical with or similar to its trademark extends to a third-party proprietor of a later registered Community trademark, without the need for that latter mark to have been declared invalid beforehand.”

On the alleged lack of urgency (periculum in mora), the plaintiff had proved that the defendant had considerably increased sales in Italy through the use of the trademark SKYWORTH and had a strategic plan to increase the use of trademark SKYWORTH around Europe since it had recently participated in trade fairs of Berlin and Malta under the slogan “Step by step #skyworth is becoming more and more present in the European market.” There was indeed an urgent need to adopt preliminary measures to avoid irretrievable damage to the trademark owner.

2. Austria—Austrian Supreme Court—Are final decisions in trademark matters in one Member State binding upon the courts of another Member State in related proceedings?

The decision of the Austrian Supreme Court in OGH 11.06.2018249 amounts to the Austrian instalment of the long-running (and far-reaching) global dispute between a Russian State enterprise (the Plaintiff), and a Russian company (the defendant) over the ownership of the trademarks STOLICHNAYA and MOSKOVSKAYA for Russian vodka. This particular judgment considered the status and effect of a previous judgment rendered in the Netherlands in equivalent proceedings.

248 Federation Cynologique Internationale v. Federacion Canina Internacional de Perros de Pura Raza, Case C-561/11 (CJEU, February 21, 2013).

249 OGH 11.06.2018, 4 Ob 88/18x.
The original owner of the trademarks in dispute was a Russian state-owned company, which was privatized in the early 1990s. In the course of the later re-nationalization, the question arose as to the legal successor of the Russian state enterprise, in order to determine who the legal owner of the trademarks was.

In parallel proceedings pending in the Netherlands concerning the respective Benelux trademarks, the Dutch courts had previously held that the plaintiff was the owner of the vodka trademarks and that the plaintiffs’ rights to assert the invalidity of the privatization were not time-barred.

The Austrian court of first instance had also accepted the plaintiffs’ claim to the ownership of the equivalent Austrian trademarks and that the plaintiffs’ rights to assert the invalidity of the privatization were not time-barred. The Court of Appeal subsequently overturned this decision and dismissed the complaint.

The Austrian Supreme Court reversed the decision of the Court of Appeal, effectively reinstating the decision at first instance. It held that the Court of Appeal should have considered the final and binding decision of the Dutch courts. According to Austrian civil procedure law, the binding effect of a decision must be considered ex officio at any stage of the proceedings, irrespective of whether this decision was rendered by an Austrian court or the courts of another EU Member State. This is because judgments and decisions of foreign courts have substantive legal force in Austria if they are subject to recognition and enforcement under the Brussels Regulation.250 As such, the final and binding decision of the Dutch courts in respect of the same subject matter had the same legal effects in Austria as it had in the Netherlands.

Against this background, the Court of Appeal (which now has to decide on the merits of the case in accordance with the described guidance of the Austrian Supreme Court) accepted the binding effect of the Dutch decision and held that the plaintiff is the legal owner of the Austrian trademarks.

Accordingly, following the decision of the Austrian Supreme Court, the Court of Appeal must now acknowledge in the further proceedings the binding effect of the Dutch judgments on the trademarks STOLICHNAYA and MOSKOVSKAYA, in particular on the question of the statute of limitation for the assertion of the invalidity of the Russian privatization. This case clarifies that as a result of the applicable provisions of the Brussels Regulation,251 final decisions on trademark matters in one Member State can be


251 Regulation (EU) No. 1215/2012, as above.
3. UK—Court of Appeal—Where does the act of online infringement occur in order to give an EUTM court jurisdiction to determine liability?

AMS Neve Limited et al. v. Heritage Audio SL\textsuperscript{252} concerned the claimants’ appeal against an order of the UK Intellectual Property Enterprise Court (the IPEC), which had held that it did not have jurisdiction to hear a claim against the defendant for infringement of an EU trademark.

AMS Neve is an English company that makes a range of audio equipment that it sells and supplies in the UK as the exclusive licensee of the EU trademark in question. Heritage Audio is a Spanish company that sells and supplies audio equipment in Spain. The claimants argued that Heritage Audio targeted customers in the UK by using the claimants’ trademark on a website which the claimant asserted was targeted at the UK.

Use of the trademarks was not at issue, but Heritage Audio maintained that they had only ever sold their products in Spain. They further asserted that, although their products were available to buy through outlets in the UK, they had never themselves advertised, offered for sale, sold or supplied products in the UK.

In addition to the EUTM, the claimants had also relied on UK trademarks and passing off. In relation to those claims, the IPEC found that it had jurisdiction under the Brussels Regulation (Regulation (EU) No. 1215/2012), the UK being the place where the damage resulting from the defendant’s tortious acts had occurred.

In relation to the EU trademark, however, the IPEC considered the test under the 2009 EUTM Regulation and held that only the courts of the place where the defendant had taken steps to put the offending signs on the website, or had taken a decision to that effect (in this case Spain), had jurisdiction to hear the claim. On that basis, the IPEC declined to hear the claim for infringement of the claimants’ EUTM. The claimants appealed this finding or, alternatively, invited a reference to the CJEU as to the proper interpretation of the 2009 EUTM Regulation.

In interpreting the meaning of “the Member State in which the act of infringement has been committed or threatened” under the CTM Regulation, the IPEC Judge had felt it necessary to draw a distinction between the place where steps were taken to put a sign on a website (Spain) and the place where that sign was displayed on the website (the UK). On that basis, it held that only the courts of the former had jurisdiction. This is despite the fact that the judge had accepted that the claimants had a good arguable case that the

\textsuperscript{252} [2018] EWCA Civ 86 (February 1, 2018).
defendant’s activities did, in fact, amount to “advertising and offering for sale” their infringing products in the UK.

The Court of Appeal was not convinced that the IPEC Judge’s conclusion necessarily followed from the cases he cited.253 The Court of Appeal stated that in Coty254 there was no activity by the defendant in Germany for the proprietor of an EU trademark seeking to establish jurisdiction there against a Belgian company. Wintersteiger255 was also distinguished on the basis that it concerned national trademarks and jurisdiction therefore fell to be determined under the Brussels Regulation, namely, by reference to the “place where the harmful event occurred or may occur.” The present case, however, was concerned with an EU trademark and therefore the meaning of Articles 97 and 98 of the 2009 EUTM Regulation256 (now Articles 125 and 126 of the 2017 EUTM Regulation), which required the court to identify the Member State in which the act of infringement has been committed.

The Court of Appeal also considered a question referred to the CJEU in the case of Nintendo v. BigBen Interactive.257 Here, the CJEU made no reference to Coty Germany GmbH v. First Note Perfumes but explained that the concept of “the law of the country in which the act of infringement was committed” in Article 8(2) of the Rome II Regulation (which was applicable to that case concerning design right infringement) refers to the country where the event giving rise to the damage occurred, namely the country on whose territory the act of infringement was committed. This did not involve examining each alleged act of infringement in isolation, but to an overall assessment of the defendant’s conduct to determine the place where the infringing activities originated from. On the issue of a website used to make offers for sale targeted at consumers in several Member States, the CJEU held that the place where the event giving rise to the damage occurred is the place where the process of putting the offer for sale online by that operator on its website was activated. Applying this in Nintendo, the Bundesgerichtshof held that the defendants’ German language Internet presence did not provide a proper basis for invoking the international jurisdiction of the German courts and it was necessary

256 These provisions are now at Articles 125 and 126 of the 2017 EUTM Regulation.
257 Nintendo Co. Ltd. v. BigBen Interactive GmbH and BigBen Interactive SA, joined Cases C-24/16 and C-25/16 (CJEU, September 27, 2017) (ECLI:EU:C:2017:724).
to make an overall appraisal of the defendant’s conduct to determine the location to which its original activity could be traced.

Having considered the above CJEU jurisprudence, the Court of Appeal held that there had not been a CJEU decision to the effect that the placing by an undertaking in Member State A of an advertisement on a website targeted at consumers in Member State B is not sufficient to confer jurisdiction on an EU trademark court in Member State B. The CTM Regulation appeared to confer jurisdiction on the basis of either the defendant’s domicile or the location of the act of infringement but limited the scope of jurisdiction in the latter case only to infringing acts in that territory. If the only relevant “act” was the activation of the process of publishing an advertisement, this could lead to situations whereby Member State A does not have jurisdiction because the infringer has targeted consumers in Member State B and Member State B does not have jurisdiction either, because the process of publishing the advertisement was activated in Member State A. The Court of Appeal took the view that this could not have been the EU legislature’s intention.

Consequently, the Court of Appeal referred the following questions to the CJEU for preliminary ruling:

In circumstances where an undertaking is established and domiciled in Member State A and has taken steps in that territory to advertise and offer for sale goods under a sign identical to an EU trade mark on a website targeted at traders and consumers in Member State B:

i) does an EU trade mark court in Member State B have jurisdiction to hear a claim for infringement of the EU trade mark in respect of the advertisement and offer for sale of the goods in that territory?

ii) if not, which other criteria are to be taken into account by that EU trade mark court in determining whether it has jurisdiction to hear that claim?

iii) in so far as the answer to (ii) requires that EU trade mark court to identify whether the undertaking has taken active steps in Member State B, which criteria are to be taken into account in determining whether the undertaking has taken such active steps?

XI. 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,” its name prior to December 1, 2009.

**COA:** Court of Appeal.

**EEA:** European Economic Area.

**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 change was effective as of 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”), effective as of 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 or EU:** The European Union.


Note: EU trademark laws and EU lawyers use the term “trade mark” rather than “trademark.” However, except in proper names and in quoted text, references in this review have been changed to “trademark” to conform to the norms of The Trademark Reporter.
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