

The Trademark Reporter®



The Law Journal of the International Trademark Association

Annual Review of European Trademark Law 2022 in Review

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I. INTRODUCTION

A. About this Review

This tenth *Annual Review of European Trademark Law*^{*} contains highlights of European trademark cases of 2022 at both European Union (“EU”) and national courts of member states, as well as a number of European territories beyond the EU. This Review therefore is both the tenth edition of the EU Annual Review, and the second edition of the European Annual Review.

Matters relating to the unitary right of the EU Trade Mark (“EUTM”) are governed by Regulation (EU) 2017/1001 of June 14, 2017—referred to in this Review as the “2017 EUTM Regulation.” Harmonized laws in respect of national trademarks within EU Member States became, as of January 15, 2019, determined by Directive (EU) 2015/2436 of December 16, 2015, referred to in this Review as the “2015 TM Directive.” An introduction to the role of the primary EU legislation (applicable at the time) is contained in the introduction to *Annual Review of EU Trademark Law: 2013 in Review*,¹ which also details the particular roles played by the EU General Court (“GC”) and the Court of Justice of the European Union (“CJEU”).

As previously, this European Review continues to look beyond the EU system to track comparable developments for the wider brand community. This Review continues to report on cases in the United Kingdom (“UK”), as the two million EU “clones” added as national trademarks on the UK register following the end of the Brexit transition period add complexity and color to proprietors and practitioners in the UK and beyond. Once again, this Review also includes cases from Norway (members of the European Economic Area (“EEA”), but not the EU), Switzerland, and Turkey, all of which, to varying degrees, contain a trademark system modelled on, or at least analogous to, the EU system.

Once again, this 2022 Review covers the familiar “absolute” trademark issues including validity, distinctiveness, descriptiveness, “relative” grounds including similarity and confusion, and the continuing relevance of bad faith, which remains a hot topic in Europe. This Review also explores recurring topics such as trademark use, infringement, parallel trade, and other defenses and limitations, and some notable cases illustrating changes or significant analysis of practice and procedure.

* Tom Scourfield, *Annual Review of European Trademark Law: 2022 in Review*, 113 TMR 383 (2023). The principal author and contributor to this Review is grateful to a number of colleagues at CMS for their assistance, but in particular Omri Shirion and Dalie Gittins in the UK and Piotr Zabost and Julia Padlewska in Warsaw.

¹ Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445 (2014).

A number of notable developments are worth calling out in this Introduction. The first two follow on neatly from issues raised in the introduction of this Review last year. The first considers the consequences of Brexit, this time in particular, the continuing relevance (or otherwise) of prior UK rights (whether registered or unregistered) on those remaining opposition and invalidity cases that continue to work through the EUIPO and beyond. A particular case in point came before the General Court in *Nowhere v. EUIPO—Ye (APE TEES)*, which considered prior rights based upon earlier non-registered trademarks used in the course of trade in the UK, and specifically the question as to whether such rights must still be valid and subsisting in the EU at the time of hearing an appeal. This raised broader theoretical questions as to whether the EU opposition system should be based upon a “snapshot” of the legal and factual position as at the time of filing the later mark, or whether intervening events (here, Brexit, but others such as revocation or invalidity may also be relevant) may be taken into account to require that the relevant right must still subsist when any appeal is heard. Concluding that only the latter was required, the EUIPO’s position and the General Court in *APE TEES* seem to be irreconcilable. The EUIPO filed an appeal to the CJEU, asking it to set aside the judgment of the General Court and find that any prior right must also be valid on the date of adoption of the final decision on opposition.

The second notable development is that, *APE TEES* aside (which, in fact, was granted permission), appeals from the General Court to the CJEU remain vanishingly small compared with the volume before the change in procedure reported in the previous edition of this Review. This difficulty is well illustrated in the CJEU’s decision in *Sony v. EUIPO* in 2022, emphasizing that appellants from the General Court must not only identify any alleged errors of law committed by the General Court but also explain (and *evidence*) how their appeal raises issues that are significant to the unity, consistency, or development of EU law.

Beyond the continuation of these two themes, a number of other interesting topics emerge from the wealth of European decisions in 2022. Given that trademarks are typically territorial (either national or EU-wide), questions as to *where* a mark is used are always highly relevant, both as to the maintenance of rights through use in accordance with the essential function, or questions relating to infringement where such use is by a third party. Cases in 2022 on this subject include *Standard International Management LLC v. EUIPO*, in which the General Court considered whether marks relating to hotels based only in the United States (“U.S.”) could be in genuine use as EUTMs through the advertisement and promotion of overseas services. Similarly, the question of use elsewhere was considered by the Swiss courts on the so-called export exception,

while the German courts considered whether advertisement of goods at a trade fair in Germany for ultimate sale overseas might amount to infringement of trademark rights in Germany. The UK Court of Appeal also considered whether the offer and ultimate sale of goods from a U.S.-based amazon.com website might be said to target consumers in the UK/EU and infringe local trademark rights. The Italian courts also considered the legal and financial consequences of the “absence” of use when a popular music video edit that removed a clothing label from one of the performer’s outfits deprived the proprietor of the promotion and exposure from that video’s distribution.

The question as to when a host, intermediary, or marketplace might be held liable for acts of infringement of third parties that make use of their services has also been a familiar issue between brand owners and service providers over the years. In 2022, the CJEU (*Louboutin v. Amazon Europe Core Sarl and Others*) and the UK High Court (*Swatch v. Samsung*) considered in what circumstances a marketplace operator (for shoes in one case, and smartwatch apps in the other) might be liable for third-party infringement. In both cases, the relevant court closely examined the relationship between the third party and the marketplace operator, as well as the presentation of the offer to the relevant consumer.

As in previous years, issues of bad faith continue to be a hot topic, hotly debated. In the combined cases of *Baumberger v. EUIPO—Nube (Lío)* and *DBM Videovertrieb v. EUIPO—Nube (Lío)*, the General Court confirmed that a common field of activity between earlier and later application was not required to establish bad faith and that a misleading geographical indication could amount to an unjust intention to transfer an advantage derived from that association in *Hijos de Moisés Rodríguez González v. EUIPO—Ireland and Ornuia (La Irlandesa 1943)*. The issue of “revival” marks, hitherto well known but long since lapsed, remains a topic of interest. The facts of *Zdút v. EUIPO—Nehera and Others (Nehera)* did not establish bad faith, but the issue of heritage marks will likely remain year on year.

Finally, regarding the limitations and defenses available, 2022 was notable for significant developments in parallel trade, with the CJEU delivering four connected judgments in *Novartis v. Abacus*, *Bayer v. kolhpharma Merck Sharp, Impexco v. Novartis*, and *PI Pharma v. Novartis* as to when parallel importers of medicinal products may lawfully repackage products to access a local market and when EUTM proprietors may oppose the manner and form of such repackaging where it is damaging to the trademark(s) in question. The Supreme Court of Poland and the Supreme Court of the Netherlands also examined pharmaceutical repackaging and the burden of proof in establishing trademark exhaustion, respectively.

B. Legislative Change and Terminology

Although the “new” 2015 Directive is now in force, the 2008 Directive that it replaced was repealed with effect only 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.

Each year, the number of rulings reported in this Review that are still based on or reference earlier iterations of the Regulations and Directives to those currently in force tends to decline, for obvious reasons. Cross-references to previous (or current) equivalent provisions are provided where appropriate, but previous editions of this Review also included provisions of the 2008 TM Directive and/or the 2009 EUTM Regulation and so may be cross-referred if required.

As in previous editions of this Review, each Part contains, 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 and the 2015 TM Directive only. Non-EU territories typically identify the relevant legislative provisions in the case commentary where required, but these are not set out separately.

C. Organization of Material in this Review

As usual, the 2022 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). Non-EU cases are set out after selected decisions from the national courts of EU Member States. Each theme is contextualized with introductory comments and recurring EU statutory provisions to provide the legal context of the commentary. Each case note is introduced by an indication of whether the ruling is that of the CJEU, the EU General Court, or a national court, with an indication of the status and seniority of the relevant court concerned.

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

A. Introductory Comments

Absolute grounds relate to the inherent characteristics of the trademark in question, such as its form (clarity, precision, and scope) and the extent to which it can perform what EU law refers to as “the essential function” of trademarks—to identify the exclusive origin of the goods or services for which registration is sought

without the possibility of confusion. Grounds for refusal of registration on the basis of absolute grounds typically also form the basis for a later claim to invalidation, so cases in this section usually deal with the analysis of both pre- and post-registration issues. The law in other European states is typically closely modelled on the EU legislation and much of the same issues will apply.

Absolute grounds are considered under both Article 4 and Article 7 of the 2017 EUTM Regulation, since the considerations of Article 4 of the 2017 EUTM Regulation are incorporated by Article 7(1)(a) of the 2017 EUTM Regulation. The absolute grounds for refusal or invalidity are all now solely contained in Article 4 of the 2015 TM Directive although Article 4(1)(a), by implication at least, incorporates Article 3 of that Directive.

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 or Article 3 of the 2015 TM Directive. If it is not, a valid registration is impossible.

Absolute grounds are harmonized 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, which must be applied by the national trademark authorities of EU Member States, are set out in Article 4(1) of the 2015 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 4(1) of the 2015 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. Article 7(1) of the 2017 EUTM Regulation expressly provides for absolute grounds of refusal by reference to traditional terms for wine, traditional specialties guaranteed (TSGs), and plant variety rights. Similar provisions are contained in the 2015 TM Directive, where the absolute grounds for refusal are contained in Article 4(1)(i) to 4(1)(l) of the 2015 TM Directive.

The outer limits as to what may be registrable (or valid thereafter) tends to offer up a range of issues and talking points. Two particular themes emerged from 2022. The first was the

question of distinctiveness, which can be particularly problematic for non-traditional marks. In *Tecnica Group v. EUIPO—Zeitneu (Shape of a boot)* the CJEU concluded that the well-known “moon boot” shape was devoid of inherent distinctive character since it did not depart significantly from the norms and customs of the sector (here, the normal shape of after-ski boots). In *Louis Vuitton Malletier v. EUIPO—Wiśniewski*, which considered the distinctiveness of LVMH’s Damier Azur, the General Court once again reminded brand owners how difficult proof of acquired distinctiveness is to establish across the entirety of the EU without compelling evidence of use for all member states, together with indications of geographical and linguistic proximity to bridge any evidential gaps between territories.

The second broad theme took in a range of cases relating to fairly “generic” terms, which might be descriptive or lack distinctive character in respect of specific goods and services. This might be, for example, GREEN MOUNTAINS for alpine leisure and tourism-related goods and services, “vendercoche.es” (translated, “sell car,” in Spanish) for the sale of automobiles, GOODBYE YELLOW for cosmetics and skincare, or HUGO PORTISCH (referring to the famous Austrian journalist) in respect of journalistic activity and associated fields. More broadly, the UK High Court considered the validity of a series of color mark registrations in the context of their mark description in yet another “Cadbury purple” case and the courts of Switzerland invalidated marks for both PUMA WORLD CUP 2022 and WORLD CUP 2022 (figurative) for a lack of distinctiveness or for being misleading (or both).

B. Legal Texts

Part (b) of Article 4 of the 2017 EUTM Regulation was a new addition, replacing 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 were 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) first became a possibility on October 1, 2017 (similar modifications were made in the 2015 TM Directive, where the relevant provisions appear in Articles 3 and 4(1)(a)).

Article 4 of the 2017 EUTM Regulation

An EU trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, 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 trade marks (“the Register”), in a manner which enables the competent authorities and the public to determine the clear and precise subject-matter of the protection afforded to its proprietor.

Article 7 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) trade marks which are devoid of any distinctive character;
 - (c) trade marks 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) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices 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) trade marks which are contrary to public policy or to accepted principles of morality;
 - (g) trade marks 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 trade mark 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 2015 TM Directive

Signs of which a trademark may consist

A trade mark 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 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 4 of the 2015 TM Directive

Absolute grounds for refusal or invalidity

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:
 - (a) signs which cannot constitute a trade mark;
 - (b) trade marks which are devoid of any distinctive character;
 - (c) trade marks 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) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices 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) trade marks which are contrary to public policy or to accepted principles of morality;
 - (g) trade marks 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;
 - (h) trade marks which have not been authorised by the competent authorities and are to be refused or invalidated pursuant to Article 6ter of the Paris Convention;
 - (i) trade marks which are excluded from registration pursuant to Union legislation or the national law of the Member State concerned, 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;
 - (j) 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;
 - (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 specialities guaranteed;
 - (l) trade marks which consist of, or reproduce in their essential elements, an earlier plant variety denomination registered in accordance with Union legislation or the national law of the Member State concerned, or international agreements to which the Union or the Member State concerned is party, providing protection for plant variety rights, and which are in respect of plant varieties of the same or closely related species.
2. A trade mark shall be liable to be declared invalid where the application for registration of the trade mark was made in bad faith by the applicant. Any Member State may also provide that such a trade mark is not to be registered.
3. Any Member State may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid where and to the extent that:
- (a) the use of that trade mark may be prohibited pursuant to provisions of law other than trade mark law of the Member State concerned or of the Union;
 - (b) the trade mark includes a sign of high symbolic value, in particular a religious symbol;

- (c) the trade mark includes badges, emblems and escutcheons other than those covered by Article 6ter of the Paris Convention and which are of public interest, unless the consent of the competent authority to their registration has been given in conformity with the law of the Member State.
- 4. A trade mark shall not be refused registration in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration, following the use which has been made of it, it has acquired a distinctive character. A trade mark shall not be declared invalid for the same reasons if, before the date of application for a declaration of invalidity, following the use which has been made of it, it has acquired a distinctive character.
- 5. Any Member State may provide that paragraph 4 is also to apply where the distinctive character was acquired after the date of application for registration but before the date of registration.

C. Cases

1. EU—GC—Is a three-dimensional shape of a “moon boot” distinctive for after-ski footwear?

In *Tecnica Group v. EUIPO—Zeitneu (Shape of a boot)*,² the General Court considered the 2012 EU trademark registration for a three-dimensional shape of a boot, owned by the applicant, Tecnica Group SpA, and covering goods in Classes 18, 20, and 25, including leather goods, clothing, and footwear.



² Case T-483/20 (GC, January 2022).

In 2014, the intervener, Zeitneu GmbH, brought an action against the applicant before the Tribunale di Venezia (District Court, Venice, Italy), in its capacity as an EU trademark court, in order to obtain a declaration of non-infringement, pursuant to Article 96 of the 2019 EUTM Regulation (now Article 124 of the 2017 EUTM Regulation). In 2016, the District Court dismissed the action and held that there was a likelihood of confusion between the contested mark and footwear collections manufactured by the intervener. In 2019, the judgment of the District Court was confirmed by the Corte d'Appello di Venezia (Court of Appeal, Venice, Italy), acting in its capacity as an EU trademark court of second instance.

In 2017, the intervener filed an application for a declaration of invalidity of the registration in respect of all of the goods, arguing, inter alia, that the mark was devoid of any distinctive character. The Cancellation Division partially upheld the application and declared the contested mark invalid in respect of “footwear; footwear soles; insoles; heelpieces for footwear; footwear uppers” in Class 25. The intervener appealed the decision.

In 2020, the First Board of Appeal confirmed the Cancellation Division's decision and dismissed the intervener's appeal. The Board of Appeal found that for the relevant public (consumers in all Member States, who displayed an average level of attention, since footwear were common goods) the contested three-dimensional sign did not depart very significantly from the normal shape of after-ski boots. Consequently, the Board found that the contested mark was devoid of any distinctive character.

On appeal, the General Court first dismissed the plea relating to the alleged distinctiveness of the contested mark acquired through use, on the ground that this claim had not been raised on earlier stages of the proceedings, as well as rejecting other pleas based on procedural aspects (including claimed infringement of the principles of *res judicata*, of legality, of equal treatment, of sound administration and of the protection of legitimate expectations).

The Court then focused on the assessment of inherent distinctiveness of the contested trademark for Class 25 goods. The Court upheld the Board's view that the relevant public for these goods was the general public in all the Member States, which had an average level of attention. The Court dismissed the applicant's arguments that the relevant public consisted of consumers with high level of attention, who regularly ski and hike and who are concerned with the technical qualities of the goods. This is because, as the Court pointed out, the goods at issue are not solely ski boots, but more generally winter footwear or winter boots.

The Court then moved on to the assessment of the contested mark in relation to the norms and customs of the sector. The Court noted that the applicant did not dispute that the contested mark,

which represents the shape of a boot, corresponds to the shape of one of the goods at issue. Consequently, the Court found the Board of Appeal was right in examining whether the mark at issue departed significantly from the customs or norms of the footwear sector and, in particular, of the after-ski footwear sector. Referring to *Erdinger Weißbräu Werner Brombach v. EUIPO (Shape of a large glass)*,³ the Court stressed that—contrary to the applicant’s arguments—in order to conclude that a mark has no distinctive character, it is not necessary for this mark to be *identical* to existing shapes. In turn, it is sufficient to the overall impression conveyed by that mark *does not depart significantly* from the norms or customs of the sector for the mark to be considered nondistinctive.

The Court agreed with the Board’s findings that the constituent elements of the contested mark, taken individually, and the shape of boot taken as a whole, will be perceived by the relevant public as possible, or even common, variants of the presentation and decoration of winter boots and after-ski boots, which are part of the goods at issue since they are incorporated into the “footwear” category and which can also include “footwear soles; insoles; heelpieces for footwear; footwear uppers.” As a result, the General Court held that the contested mark lacked distinctiveness and was not capable of serving as an indicator of origin for the relevant goods in Class 25.

2. EU—GC—Is a figurative trademark consisting of a checkerboard design capable of having distinctive character?

In *Louis Vuitton Malletier v. EUIPO—Wiśniewski*,⁴ the General Court considered whether the evidence filed by the applicant, Louis Vuitton Malletier, was sufficient to prove that its trademark consisting of the Damier Azur pattern (depicted below) had acquired distinctiveness in the EU through use. The mark is an international registration designating, inter alia, the European Union in relation to Class 18 goods.

³ Case T-857/16 (GC, October 26, 2017).

⁴ Case T-275/21 (GC, October 2022).



The proceedings commenced in 2015 when Mr. Norbert Wisniewski filed an application for a declaration of invalidity, arguing, *inter alia*, that the mark was devoid of any distinctive character. In 2016, the Cancellation Division invalidated the mark, a decision later upheld by the Second Board of Appeal. The Board found that the contested mark was inherently devoid of any distinctive character and that Louis Vuitton had not demonstrated that Damier Azur pattern had acquired distinctive character through use.

Louis Vuitton brought an appeal against the Board's decision. In 2020, the General Court annulled the decision, finding that the Board had failed to examine all the relevant evidence submitted by the applicant in order to demonstrate acquired distinctive character. The case was remitted to the Fifth Board of Appeal. Having re-examined the case, the Board held that Louis Vuitton had failed to demonstrate acquired distinctiveness of the contested mark for goods in Class 18 and confirmed previous decisions invalidating the said mark. During those proceedings, the Board of Appeal focused on evidence concerning selected EU Member States in which the Louis Vuitton did not operate any physical retail stores, i.e., Bulgaria, Estonia, Latvia, Lithuania, Slovakia, and Slovenia. The Board of Appeal concluded that since acquired distinctiveness was not proven in these territories, the trademark had not acquired distinctiveness in the EU. For this reason, it did not examine whether the contested mark had acquired distinctiveness through use in other EU Member States.

On appeal, the applicant claimed that by limiting the examination of evidence to selected EU Member States only, the Board of Appeal failed to make an overall assessment of all the evidence presented by the applicant for the EU. The applicant further claimed that the distinctive character acquired through use of the contested mark in selected EU Member States was

corroborated by the geographical and cultural proximity with other EU Member States where sufficient evidence was adduced, including Poland, Sweden, and Romania, and by homogenous behavior of consumers of luxury brands consisting of frequent travels and Internet use.

Dismissing the appeal, the General Court stressed that in case of marks devoid of inherent distinctive character, the burden of proof for establishing acquired distinctiveness always lies with the proprietor of the mark and it is for the proprietor to adduce specific evidence for this purpose. The General Court also reiterated factors that determine whether a mark acquired distinctive character through use, which include market share, how intensive, geographically widespread and long-standing the use of the mark has been, promotional investments in the mark, recognizability of the mark, and statements from chambers of commerce and industry associations, as well as opinion polls.

While admitting—by a reference to CJEU case law, such as in *Lindt*⁵—that the burden of proof obliging the applicant to demonstrate distinctive character acquired through use of the contested mark in each individual Member State would be unreasonable, the General Court held that the applicant, in fact, failed to provide sufficiently specific, substantiated, and credible evidence either for all EU Member States collectively, separately for each EU Member State, or for several EU Member States, taken together.

The General Court further noted that the applicant's arguments on homogenous behavior of consumers of luxury brands were too vague and unsupported by any evidence. In particular, the Court found the applicant's argument that "throughout the European Union, consumers engage in homogeneous behaviour as regards luxury brands, particularly because they travel and use the internet regularly" too general in nature to be accepted. Finally, the applicant did not prove the existence of geographical and cultural connections between relevant markets necessary to establish that, e.g., the relevant public in Lithuania or Latvia had sufficient knowledge of the goods or services on the Polish and Swedish markets. Considering the above, the General Court held that the Board of Appeal was correct in its finding that the applicant had not demonstrated acquired distinctiveness in Lithuania, Latvia, Slovakia, Slovenia, or Bulgaria and, as such, in the EU and dismissed the appeal in its entirety.

⁵ Chocoladefabriken Lindt & Sprüngli, Case C-529/07 (CJEU, June 11, 2009).

3. Spain—Spanish Supreme Court—Can the addition of a domain name country code render a mark distinctive?

The Supreme Court of Spain⁶ considered the distinctiveness of the Spanish trademark VENDERCOCHE.ES (depicted below) in Classes 12, 35, and 36 to cover, among others, vehicles, retail sales of vehicles, car insurance brokerage, and car valuation.



The High Court of Justice of Madrid had upheld an appeal⁷ of the applicant, L&L Auto Info GmbH, finding that the addition of the suffix “.es” to the generic expression “vender coche” (translated: “sell car”) provided the sign with the minimum distinctiveness to be accepted for registration.

The Spanish PTO appealed this decision to the Supreme Court of Spain. The PTO argued that the decision of the High Court of Justice did not follow the case law of the CJEU, according to which attaching an element corresponding to a top-level or a country code domain to a descriptive term devoid of distinctive character does not have the effect of conferring distinctive character on the resulting sign.

The applicant argued that the sign applied for had the minimum degree of individuality and distinctiveness required by trademark legislation for it to be registered. According to the applicant, the trademark was not descriptive of the goods and services, or at least not of all of them. It also argued that the trademark was figurative, so it was intrinsically more suitable for identifying the goods and services in question as belonging to a particular undertaking than a plain word mark.

The Supreme Court rejected the arguments of the applicant and upheld the appeal of the Spanish PTO. It referred to the judgments of the General Court, denying distinctive character to the “.com” element (*Getty Images*⁸) and to the German-identifying domain “.de” (*DeTeMedien Deutsche*⁹) and concluded that attaching the element corresponding to the domain name “.es” to descriptive terms could not have the effect of conferring distinctive character on the resulting sign but simply informed the public that the services were

⁶ Judgment of the Supreme Court (Contentious-administrative Chamber) of July 19, 2022, Cassation Appeal No. 2394/2021.

⁷ Contentious-administrative Appeal No. 586/2019.

⁸ Judgment of November 21, 2012, in Case T-338/11.

⁹ Judgment of the GC of December 12, 2007, in Case T-117/06.

provided online as the trademark was spontaneously identifiable by the relevant public as a domain name and thus as a reference to an Internet address.

Regarding the distinctive power of the graphic element incorporated in the applicant's trademark, the Supreme Court considered that it did not add distinctiveness either, since it showed the image of a car and the sign of a euro, and these images make reference to the applied-for services of selling and appraising cars. Accordingly, the decision of the High Court of Justice was revoked and the trademark application refused.

4. Austria—Higher Regional Court Vienna—When can a generic term qualify as a trademark for specific goods or services?

The case¹⁰ related to an application for registration of the word trademark GREEN MOUNTAINS for the following goods and services (emphasis added in boldface and italics, respectively):

Class 16: **Printed matter, in particular books, brochures, leaflets, postcards and maps; stationery; photographs; instructional and teaching material (except apparatus).**

Class 25: *Articles of clothing, footwear and headgear.*

Class 39: **Operation of alpine lifts, cable cars and ski lifts, in particular for summer and winter sports; organisation of travel; transport of passengers by motor vehicles and by cable cars and ski lifts; travel agency services not included in other classes.**

Class 41: **Education; training; entertainment; sporting and cultural activities; organisation of sporting competitions; operation of sports schools, in particular ski schools; hire and rental of sports equipment (except vehicles), in particular for summer and winter sports; animation and supervision of persons in connection with leisure activities, in particular during the practice of sports; rental and operation of sports facilities; organisation of concerts; organisation of traditional events.**

Class 42: *Provision, hosting, management, development and maintenance of applications and software, as well as hosting, management, development and maintenance of websites and hosting, development and maintenance of databases in the tourism sector, in particular relating to tourism offers and services and offers, activities and services of accommodation*

¹⁰ Higher Regional Court Vienna, 25.01.2022, 33R117/21z.

establishments; provision of non-downloadable online software; operation of an online portal; operation of an Internet portal.

Class 43: Services for the accommodation of guests, in particular in hotels, boarding houses, farms and camping sites; services for the catering of guests, in particular in hotels, boarding houses, restaurants, inns, mountain huts and ski huts.

The Austrian Patent Office (“APO”) partially refused to register the mark (in relation to the parts of the specification in bold) but allowed registration for the remaining goods and services (marked in italics).

The APO considered that the sign could not identify origin, as it would be perceived as a promotional or informative indication in relation to the denied goods and services. In the APO’s view, it could not be seriously disputed that mountains appear green to the viewer (due to their meadows and forests), so would not serve as a distinction from other undertakings for those goods/services. The applicant appealed, arguing that the EUIPO had registered the trademark “GREEN MOUNTAINS” for certain goods and services and did not disqualify it as a promotional indication. The applicant further argued that mountains are not, in fact, green, but usually gray in the “warmer season” because the rock is visible and white in winter because of the snow cover. It would therefore be a very complex mental operation if GREEN MOUNTAINS were to be understood as referring to the “warmer season.” The question also remained open as to what the “warmer season” was intended to convey as a “motto” to the relevant public, for example, for “education, training and entertainment” in Class 41. Similarly, the accommodation and catering services in Class 43 were in no way limited to the “warmer season,” so it was incorrect to hold that the term was suitable for generic advertising only and had no distinctive character.

The Higher Regional Court of Vienna considered the registrability position at the EUIPO irrelevant since other registrations do not have any binding legal effect. Further, pursuant to Section 4, paragraph 1, subparagraph 3 of the Austrian Trademark Act (MSchG),¹¹ signs that are devoid of distinctive character are excluded from registration and cannot serve as an indication of commercial origin. A trademark is distinctive only if it is capable of identifying the goods or services for which registration is sought as originating from a particular undertaking and thus distinguishing them from those of other undertakings. Distinctiveness is a matter of overall impression, assessed in the

¹¹ The equivalent provision in Directive (EU) 2015/2436 is Art. 4 No. 1 lit. b.

context of the average consumer in Austria for the specific goods and services for which the sign has been applied for.

Pursuant to Section 4, paragraph 1, subparagraphs 4 and 5 of MSchG,¹² signs are also excluded from registration if they may serve in trade to designate the kind, quality, or intended purpose of the goods or services or other characteristics of the goods or services or if they are customary in the current language or in the bona fide and established practices of the trade to designate the goods or services. A sign is not registrable if the relevant public can easily understand the content of the term without complicated conclusions and understands it as an indication of the goods or services it designates. This ground applies even if the sign is understood by only one of the targeted consumers as a descriptive indication of the designated goods and services, even if this view is not shared by other targeted consumers, and even if the other targeted consumers represent the majority. If, on the other hand, the sign contains only allusions without describing the goods or services in a concrete or comprehensive manner, it is not “purely descriptive” and can be protected even without being well known to the public. The fact that signs are “also descriptive” does not prevent their distinctiveness.

In the case of word marks, Austrian case law tends to affirm distinctiveness only in the case of neologisms, or other words that do not belong to any language (in the narrower sense) or at least signs that belong to common language use but have no direct connection with the goods or services for which they are intended. The decisive factor is whether the relevant public perceives the words as “fancy” names. Conversely, if the indication of the production, the quality, or the intended purpose of the goods or services contained in the word can be generally understood by the relevant public without any special “mental effort,” this is sufficient to deny registrability if at least one of the possible meanings of the disputed word sequence or combination is descriptive.

Applying the above principles, the Higher Regional Court of Vienna confirmed the decision of the APO to a large extent. For such goods and services, the sign is not distinctive because it is to be expected that the public (which has sufficient knowledge of the English language in this respect) would understand the trademark, in the composition of the two words in question, without further considerations and intermediate mental steps exclusively as a descriptive or advertising reference to the goods and services designated thereby in connection with mountains or a mountain region. Classes 39 and 43, as well as the services in Class 41, are essentially concerned with tourism in the form of travel events, (sporting) activities, and the provision of food and accommodation

¹² The equivalent provisions in Directive (EU) 2015/2436 are Art. 4 No. 1 lit. c and lit. d.

for guests. For the goods in Class 16, the sign is also only descriptive or advertising in this sense.

In this context, the (direct) understanding of the sign assumed by the APO, that mountains at least also appear green to the viewer, or the reference to the “warmer season” cited by the applicant, did not convince the Higher Regional Court of Vienna. It must be taken into account that GREEN is widely understood as a synonym for “environment (in a positive sense),” “environmentally friendly,” and “sustainability” and “nature.” Thus, for the goods in Class 16 concerned by the decision as well as for the services in Classes 39 and 43 and partly for the services in Class 41 mentioned above, the sign would be regarded as aiming to promote and advertise such goods and services. Also, the goods in Class 16 can be associated with corresponding products describing or depicting “green mountains” without further thought and are therefore not registrable.

For the remaining part of the services in Class 41, namely “education; training; entertainment; cultural activities; organisation of concerts; organisation of traditional events” and the services in Class 42, the mark was registrable. For those, no direct and clear connection with the sign or its descriptive/advertising content can be established without further thought.

5. Benelux—Benelux Court of Justice—When can a descriptive mark also lack distinctive character?

In its judgment in *Good-bye/Henkel*,¹³ the Benelux Court of Justice declared the Benelux trademark registration GOODBYE YELLOW invalid, due to its descriptiveness in respect of cosmetic goods.

A Luxembourg-based company, Good-Bye, was the owner of the Benelux word mark registration for GOODBYE YELLOW for several types of cosmetic goods in Classes 3 and 16. The German company Henkel issued an invalidity action against this mark before the Benelux Office for Intellectual Property (“BOIP”). By its decision of August 25, 2020, the BOIP granted the invalidity action and declared the Benelux registration of the mark GOODBYE YELLOW invalid on grounds of descriptiveness and lack of distinctive character.

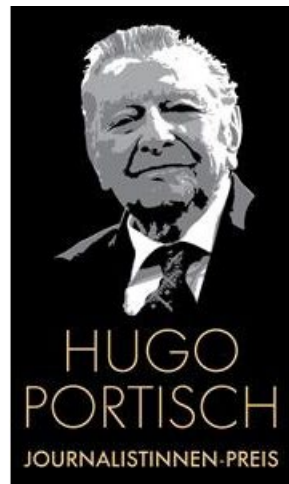
This decision was upheld on appeal by the Benelux Court of Justice. The Court recalled that the registration of a word as a trademark should be refused if, in at least one of its potential meanings, it describes a characteristic of the goods or services in question. In the present case, it considered that the word GOODBYE is frequently used in the cosmetics sector to denote an

¹³ Benelux Court of Justice, May 13, 2022, Case C-2020/16, *ICIP Ing.-Cons.*, 2022, p. 439 (*Good-bye / Henkel*).

effect that removes an undesirable characteristic. Moreover, the purpose of the cosmetic products in question was to eliminate unwanted yellowing of hair, skin, and nails. The Court therefore agreed with the BOIP's analysis that the relevant public would immediately understand the contested trademark as describing the nature and intended purpose of the goods. Moreover, due to this descriptive character, the word mark also necessarily lacked any distinctive character. The Benelux Court of Justice thus reaffirmed the BOIP's decision, invalidating the trademark registration GOODBYE YELLOW.

6. Austria—Austrian Supreme Court (OGH)—Can a famous name function as a trademark if it is synonymous with the quality and reputation of certain goods or services?

This case¹⁴ relates to an application for registration of the following word and figurative trademarks (“Hugo Portisch Preis”) for goods and services in Classes 16, 35, and 41:



Hugo Portisch was an Austrian journalist who became widely known primarily for his books and television programs on contemporary historical and political topics. Due to his way of explaining complicated political and economic contexts in a way that could be understood by interested laymen, he became one of the most important journalists in Austria after the Second World War. Thus, Hugo Portisch stood for a certain type of journalism, namely contemporary historical accounts for a broad audience.

¹⁴ Austrian Supreme Court, 30.06.2022, 4Ob39/22x.

The Austrian Patent Office (APO) rejected the applications for the vast majority of the goods and services. It held that the signs are not distinctive in relation to these goods and services, as the public recognizes them as an award for journalistic services. Their component “Hugo Portisch,” being the name of one of Austria’s best-known and most respected journalists, gives the signs a particular image and in respect of the goods and services covered by the refusal, the public would not perceive the signs as indicating a particular undertaking.

The appellate court confirmed this decision. Personal names are devoid of distinctive character to the extent that they will be perceived as indications of the goods or services they are intended to designate. The relevant public would assume that the products bearing the marks in question had been honored with a prize named after Hugo Portisch, and this would attest to the high quality of the good or service. In any event, given the close factual connection between the signs applied for and the goods and services covered by the refusal, the public would not understand the signs as a specific reference to a particular undertaking. The name “Hugo Portisch” appears exclusively as a means of advertising the nature and characteristics of the goods and services covered by the refusal. From the public’s point of view, a prize does not characterize only the award itself but also further circumstances like the award ceremony. The signs are thus to be regarded as descriptive because the relevant public could easily understand the content of the term without complicated conclusions and could understand it as an indication of the goods or services designated.

The applicant appealed to the Austrian Supreme Court, which held that personal names are in principle distinctive, even if they are common. They are only devoid of a distinctive character insofar as they are at the same time indications of the goods or services they designate.

The Austrian Supreme Court referred to its previous *Jimi Hendrix* decision where it was stated that the sign “Jimi Hendrix” in connection with, for example, sound carriers or musical instruments, is to be seen as mere information about the goods, but not as an indication of their origin. The name was included as a mere advertising medium, but not as a trademark, being an indication of the commercial origin of the goods or services, especially since there was a direct factual connection between the sign and the image of the bearer of the name. A direct factual connection between the sign and the respective goods and services in the sense of a statement about the goods or services would tend to indicate a lack of distinctive character. However, names of famous personalities can also simply be an indication of the *content* of certain goods and an indication of the content of services. (see, for example, *Lady Diana—Königin der Herzen—Das Musical* [“Lady

Diana—Queen of the Hearts—the Musical”]), which gave the impression to the relevant public without any complicated connections of thought that the subject matter of the sign was a musical around the life of the deceased ex-wife of the (then) heir to the British throne, or as an indication of the subject matter dealt with therein, but not as a characteristic of the commercial origin.

According to the Austrian Supreme Court, names of famous persons can be protected as trademarks if the name has *no* factual connection with the registered goods or services, that is, the fame of the name does not lie in the subject matter concerned. If, for example, goods in Class 30 (bakery and confectionery products) are designated by the trademark ANTON BRUCKNER (a famous Austrian composer of the 19th century), the relevant public will not assume that these goods have a connection with the services of this famous person, similar to the CJEU’s guidance¹⁵—personal names that are at the same time indications of fact are denied distinctiveness for the goods and services so designated.

On the basis of the above, the Austrian Supreme Court summarizes that in the present case the following considerations lead to the conclusion that the signs at issue are descriptive and thus not registrable. Pursuant to Section 4, paragraph 1, subparagraph 4 of the Austrian Trademark Act (MSchG), signs are excluded from registration if they consist exclusively of signs or indications that 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.¹⁶ The purpose of this provision is to prevent the registration as trademarks of signs or indications that are merely the usual manner of describing or designating the goods or services concerned or their characteristics, and so are incapable of identifying the undertaking that markets them.

Signs are considered to be purely descriptive if their conceptual content can be readily understood by the relevant public without complicated inferences or thought processes and if they are understood as a descriptive indication of the type of activity of the undertaking concerned. The trademarks at issue refer to a (journalist’s) prize named after Hugo Portisch. The goods and services designated thereby are thereby associated by the public with a certain type of journalistic activity without any complicated conclusions or thought operations. The signs are thus purely descriptive.

¹⁵ In this context the Austrian Supreme Court refers to ECJ Case C-404/02, *Nichols*, para. 30.

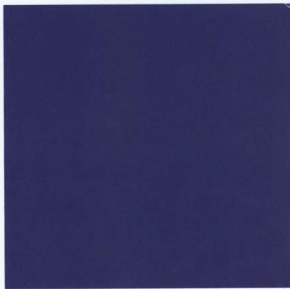
¹⁶ The equivalent provision in Directive (EU) 2015/2436 is Art. 4 No. 1 lit. c.

7. UK—High Court—How does a description define the scope of a color mark?

In *Societe des Produits Nestle SA v. Cadbury UK Ltd.*,¹⁷ the UK High Court partly overturned an appeal from the decision of a Hearing Officer at the UKIPO. Opposition to three trademarks at issue was originally filed by Nestlé for lacking sufficient clarity and precision and a lack of distinctive character.¹⁸ Nestlé subsequently withdrew from the proceedings when Nestlé and Cadbury settled their long-running dispute over the use of purple as a trademark for chocolate in the UK. With Nestlé having withdrawn from the proceedings, the Comptroller-General of Patents, Designs and Trade Marks of the UKIPO (“the Comptroller”) sought to intervene in the appeal to help the Court in relation to an area of law that it submitted was uncertain and of some importance.

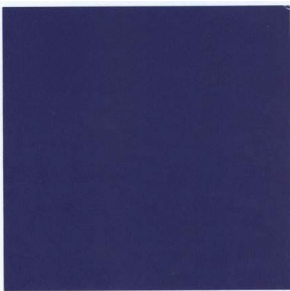
The trademarks at issue were:

(a) Trademark No. 3 019 362 (“Trademark 362”)



Mark description: “The colour purple (Pantone 2685C), as shown on the form of application, applied to the whole visible surface of the packaging of the goods.”

(b) Trademark No. 3 019 361 (“Trademark 361”)

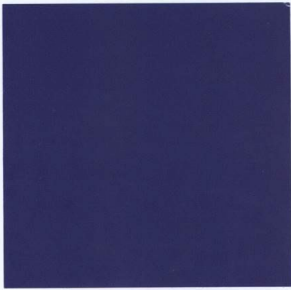


Mark description: “The colour purple (Pantone 2685C), as shown on the form of application, applied to the whole visible surface of the packaging of the goods. The colour purple (Pantone 2685C), as shown on the form of application, applied to the packaging of goods.”

(c) Application No 3 025 822: (“Trademark 822”)

¹⁷ [2002] EWHC 1671 (Ch).

¹⁸ Sections 3(1)(a) and (b) of the UK Trade Marks Act 1994, equivalent to Article 4(1)(a) and (b) and of the 2015 TM Directive.



Mark description: “The colour purple (Pantone 2685C), shown on the form of application.”

The original finding of the Hearing Officer had been that the opposition should fail in respect of Trademark 362 and succeed against Trademarks 361 and 822. The key difference between 362 and 361 was that the latter imposed no requirement for the color purple to cover the whole visible surface of the packaging, leaving unclear how much of the visible surface of the packaging had to be purple, so was void for lack of clarity and precision.

It is well established law in the EU and the UK that simple colors are not normally capable of being a sign to indicate sole origin, being usually a means of decoration or a simple property of something else. However, as established by the CJEU in *Libertel*,¹⁹ pure color marks may, in principle, be capable of being registered as trademarks. Furthermore, the Court of Appeal, in an earlier dispute between Cadbury and Nestle, overturned the ruling that a trademark application for the color purple could not be granted because it was not a “sign.”²⁰ This case was also significant because it clearly identified both the ambiguity and the excessive scope that would be available to applications that could encompass trademarks with a “multitude of forms.”

The key issue was not therefore whether Cadbury could successfully file a trademark application for the color purple, but whether the wording of their applications would enable a multitude of trademarks to be encompassed where the predominant color was purple. Such trademarks could include different visual forms not displayed or described in the application, but over which the color purple was predominant.

Trademark 361

The Hearing Officer had found that the application for Trademark 361 was not that of a single unchanging color, but one that would extend to situations where there were other colors, thereby falling within the “multitude of forms” category. The High Court agreed with this analysis, noting that the formulation for

¹⁹ *Libertel Groep BV v. Benelux-Merkenbureau* (Case C-104/01), EU:C:2003:244; [2003] ETMR 63 at [47].

²⁰ *Société des Produits Nestlé SA v. Cadbury UK Limited*, [2013] EWCA Civ 1174.

Trademark 361 was worse than that rejected previously by the Court of Appeal.²¹ Furthermore, because that purple only had to be the “predominant” color, this opened the door to a multitude of different visual forms that were neither displayed, nor described, in the application. This did not constitute a sign capable of graphic representation (at that time a requirement under Article 2 of the TM Directive) and to accept the trademark application would have resulted in the registration of multiple signs with different permutations, presentations, and appearances, not described with any certainty or precision whatsoever.

This application would have become increasingly problematic when considering that the appearance and number of such other signs that were “predominantly purple” would have been unknown to the registrar, whose role it was to ensure the proper functioning of the registration system, and also to competitors, thus undermining the principles of fairness and certainty.

Trademark 822

With regard to Trademark 822, the Hearing Officer had also found that the same multiplicity of forms argument applied, because the application did not explain how the color was to be used as a sign (whether on packaging, advertising material, or to be applied to the goods themselves). The High Court notably disagreed with this assessment and found that the sign *was* the color *per se* and that conceptually this was a single thing, rather than a multiplicity of things. Furthermore, the Court emphasized there was not a different sign merely because its use took place in a different context, such as on advertising as opposed to packaging. The Hearing Officer’s decision would have the effect that a color *per se* would be a valid trademark only if it was limited to a single manner of use, which would be inconsistent with the CJEU’s case law, that a color *per se* “without contours” could validly be a sign.²²

As a result, the appeal succeeded in relation to Trademark 822 but failed in relation to Trademark 361. The judgment provides very useful guidance for companies that are considering the protection of colors closely associated with their brand.

8. Switzerland—Swiss Federal Supreme Court—Can a mark be misleading and yet lack distinctiveness?

In *PUMA WORLD CUP QATAR 2022 et al. v. QATAR 2022 (figurative) et al.*,²³ the Federal Supreme Court considered invalidity

²¹ Société des Produits Nestlé SA v. Cadbury UK Limited, [2013] EWCA Civ 1174.

²² Libertel Groep BV v. Benelux-Merkenbureau (Case C-104/01), EU:C:2003:244; [2003] ETMR 63.

²³ Cases 4A_518/2021 and 4A_526/2021 (Federal Supreme Court, April 6, 2022).

claims that FIFA raised against Puma's Swiss trademark registrations "PUMA WORLD CUP QATAR 2022" and "PUMA WORLD CUP 2022" and Puma's counterclaim for invalidity of the two FIFA trademarks "QATAR 2022" and "WORLD CUP 2022" in the same proceedings.

By way of background, FIFA was the owner of two figurative trademarks:

QATAR 2022

(Swiss Trademark No. 725 428)

WORLD CUP 2022

(Swiss Trademark No. 725 429)

In 2018 Puma registered the Swiss word marks PUMA WORLD CUP QATAR 2022 and PUMA WORLD CUP 2022. FIFA issued court proceedings against Puma, seeking cancellation of the two trademarks for being misleading. FIFA also sought an injunction to prevent use of the two marks in the course of trade in connection with accessories, clothing, sports articles, etc. Puma counterclaimed, seeking cancellation of the FIFA trademarks for lack of distinctiveness. The first instance court dismissed both claims, finding Puma's two trademarks valid and not misleading and FIFA's trademarks to be distinctive. Both parties appealed the decision to the Federal Supreme Court.

Under Article 2 of the Swiss Trademark Protection Act (TmPA), misleading signs are excluded from trademark protection. This is intended to prevent misleading signs from impacting competition, in particular, market transparency. A sign is misleading if it is objectively capable of arousing false ideas or expectations as to the origin or business circumstances of the trademark owner.

The Federal Supreme Court first dealt with the validity of Puma's trademarks. It held that the juxtaposition of the elements "PUMA" and "WORLD CUP QATAR 2022" and/or "WORLD CUP 2022" suggested a special relationship between PUMA and the FIFA World Cup 2022. The average Swiss consumer would assume that the designated products (in particular sports articles, clothing, and accessories) would originate from a company that is a main sponsor of the FIFA World Cup 2022 in Qatar. Although the terms "WORLD CUP QATAR 2022" or "WORLD CUP 2022" would not be understood as a reference to FIFA's own goods and services, this did not change the expectation of the relevant public triggered by the association of "PUMA" with these terms. Since Puma was not an official sponsor, partner, or (co-) organizer of the FIFA World Cup 2022 in Qatar, the two signs at issue raised expectations in the relevant public, which

would be disappointed, and the marks must be regarded as misleading. That misleading effect was not removed by the use of the additional word “PUMA,” which although sufficient to give the trademark distinctive character overall, could not save the mark since the misleading character of a sign is an absolute ground for exclusion. The marks were therefore excluded from trademark protection under Article 2 (c) TmPA and cancelled from the registry on the basis of Article 52 TmPA.

With respect to the counterclaim, PUMA argued that FIFA’s two word/figurative marks QATAR 2022 (figurative) and WORLD CUP 2022 (figurative) were not distinctive and protectable under Article 2 (a) of the TmPA. The Federal Supreme Court referred to its established case law, according to which a sign is protectable as inherently distinctive if, due to a minimum original distinctiveness, it is capable of identifying the goods and services designated, enabling the consumer to recognize them in the general range of similar goods and services.

FIFA did not dispute that the word combinations “QATAR 2022” and “WORLD CUP 2022” by the target public would be understood as a reference to the Football World Cup to be held in Qatar that year. The court argued that the combination of venue and year of the event or “World Cup” and year of the event is widespread, particularly for sporting events, and was readily perceived as a reference to the sporting event taking place in the year or place in question. The public would understand such a designation as a description of the sporting event *itself* and not as an indication of its organizer or the origin of the products designated by it. The court concluded that the two trademarks were directly descriptive of the sporting event itself and for the goods and services associated with its organization. In the Federal Supreme Court’s view, the addition of a stylized football in place of the zero in each of the disputed signs does not alter that fact. The figurative element was directly descriptive and banal in its graphic representation and was not capable of giving the signs the minimum original distinctiveness required. Rather, this descriptive understanding is reinforced by the figurative meaning conveyed by the additional reference to the specific sport.

The Federal Supreme Court thus concluded that FIFA’s two trademarks “QATAR 2022” (figurative) and “WORLD CUP 2022” (figurative) lacked inherent distinctiveness, and the Federal Supreme Court ordered the cancellation of all four trademarks from the register and referred the case back to the lower court to decide on FIFA’s outstanding injunctive relief claim. Based on the findings of the Federal Supreme Court, in June 2022, the lower court ruled in favor of FIFA that the use of the trademarks “PUMA WORLD CUP QATAR 2022” and “PUMA WORLD CUP 2022” constituted

unfair conduct under the Swiss Unfair Competition Act and was prohibited in the course of trade.

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 for post-registration, invalidity), on the basis of its conflict with an “earlier right.” The earlier right is typically an earlier registered trademark but may also include challenges based on earlier unregistered rights.

In relation to conflict with earlier registered trademarks or trademark applications, there are three grounds for refusal (or post-registration invalidity under Article 60 of the 2017 EUTM Regulation):

- (1) 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 5(1)(a) of the 2015 TM Directive;
- (2) 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 a likelihood of confusion. This provision typically 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 5(1)(b) of the 2015 TM Directive; and
- (3) where the use of the mark applied for would offend either or both of the EU law principles of what are generally known as tarnishment, dilution and unfair advantage (although not precisely the language used in the legislation)—see Article 8(5) of the 2017 EUTM Regulation and Article 5(3)(a) of the 2015 TM Directive.

The rules on tarnishment, 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 in order to create a link

between the two in the mind of the relevant consumer, 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 (dilution) or the reputation (tarnishment) of the senior mark.

The relevant rules relating to EU trademarks are found in Article 8(5) of the 2017 EUTM Regulation and the corresponding rules relating to applications before the national trademark authorities of EU Member States are at Article 5(3)(a) of 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, and Articles 5(3)(b) and (c) and 5(4) of the 2015 TM Directive. The provision for the owner of a designation of origin or a geographical indication to prevent the registration of a subsequent trademark were new additions in the 2015 TM Directive.

There is typically an abundance of available case law for this section of the Review, given the nature of conflicting marks and the balance between the rights of the earlier user and the later mark. As in previous editions, this Review has selected more notable or interesting cases rather than seeking to capture all such decisions. The relevance of earlier rights arising from the UK was a high-profile issue in 2022, with the Brexit transition now concluded and the UK and EU trademark systems operating independently, albeit with strong correlation between the two. In *Nowhere v. EUIPO—Ye (APE TEES)*, the General Court considered prior rights based upon earlier non-registered trademarks used in the course of trade in the United Kingdom, and specifically whether such rights must still be valid and subsisting in the EU at the time of hearing an appeal (evidently not, post-Brexit), or whether they merely needed to subsist at the time the relevant application for the later mark was filed. Concluding that only the latter was required, the EUIPO has filed an appeal to the CJEU, asking it to set aside the judgment of the General Court and find that any prior right must also be valid on the date of adoption of the final decision on opposition. Given the number of extant appeals from pre-Brexit opposition filings, this decision will be watched with interest. Beyond Brexit, the French Supreme Court considered the novel issue as to whether the name of a country (France) could of itself constitute a valid and protectable trademark in the territory of France in *France.com, Inc.* There were also a great many cases before national courts as to the correct assessment between earlier and later marks in a particular context, such as the comparison of complex marks, marks with graphical

elements and terms, short marks, marks with descriptive elements, “letter only” marks, complex marks, and even marks whose primary similarity was based upon an “optical illusion” in the mind of the average consumer.

B. Legal Texts

Article 8 of the 2017 EUTM Regulation

1. Upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered:
 - (a) if it is identical with the earlier trade mark and the goods and services for which registration is applied for are identical with the goods or services for which the earlier trade mark is protected;
 - (b) if, because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected; the likelihood of confusion includes the likelihood of association with the earlier trade mark.
2. For the purposes of paragraph 1, “earlier trade mark” means:
 - (a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the EU trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks:
 - (i) EU trade marks;
 - (ii) trade marks registered in a Member State, or, in the case of Belgium, the Netherlands or Luxembourg, at the Benelux Office for Intellectual Property;
 - (iii) trade marks registered under international arrangements which have effect in a Member State;
 - (iv) trade marks registered under international arrangements which have effect in the Union;
 - (b) applications for the trade marks referred to in point (a), subject to their registration;
 - (c) trade marks which, on the date of application for registration of the EU trade mark, or, where appropriate, of the priority claimed in respect of the

application for registration of the EU trade mark, are well known in a Member State, in the sense in which the words “well known” are used in Article 6^{bis} of the Paris Convention.

3. [Omitted]
4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark 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 trade mark, or the date of the priority claimed for the application for registration of the EU trade mark;
 - (b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.
5. Upon opposition by the proprietor of an earlier trade mark within the meaning of paragraph 2, the trade mark applied for shall not be registered where it is identical with, or similar to an earlier trade mark, 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 trade mark is registered, where, in the case of an earlier EU trade mark, the trade mark has a reputation in [the Union] or, in the case of an earlier national trade mark, the trade mark has a reputation in the Member State concerned, and where the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.
6. [Omitted]

Article 60 of the 2017 EUTM Regulation

1. An EU trade mark 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 trade mark as referred to in Article 8(2) and the conditions set out in paragraph 1 or paragraph 5 of that Article are fulfilled;
 - (b) [Omitted];

- (c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled.
 - (d) [Omitted].
2. An EU trade mark 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 trade mark 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 5 of the 2015 TM Directive

Relative grounds for refusal or invalidity

1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid where:
- (a) it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;
 - (b) because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association with the earlier trade mark.
2. ‘Earlier trade marks’ within the meaning of paragraph 1 means:
- (a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks:
 - (i) EU trade marks;
 - (ii) trade marks registered in the Member State concerned or, in the case of Belgium, Luxembourg or the Netherlands, at the Benelux Office for Intellectual Property;

- (iii) trade marks registered under international arrangements which have effect in the Member State concerned;
 - (b) EU trade marks which validly claim seniority, in accordance with Regulation (EC) No 207/2009, of a trade mark referred to in points (a)(ii) and (iii), even when the latter trade mark has been surrendered or allowed to lapse;
 - (c) applications for the trade marks referred to in points (a) and (b), subject to their registration;
 - (d) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well known in the Member State concerned, in the sense in which the words 'well-known' are used in Article 6bis of the Paris Convention.
3. Furthermore, a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where:
- (a) it is identical with, or similar to, an earlier trade mark irrespective of whether the goods or services for which it is applied or registered are identical with, similar to or not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State in respect of which registration is applied for or in which the trade mark is registered or, in the case of an EU trade mark, has a reputation in the Union and the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark;
 - (b) an agent or representative of the proprietor of the trade mark applies for registration thereof in his own name without the proprietor's authorization, unless the agent or representative justifies his action;
 - (c) and to the extent that, pursuant to Union legislation or the law of the Member State concerned providing for protection of designations of origin and geographical indications:
 - (i) an application for a designation of origin or a geographical indication had already been submitted in accordance with Union legislation or the law of the Member State concerned prior

- to the date of application for registration of the trade mark or the date of the priority claimed for the application, subject to its subsequent registration;
- (ii) that designation of origin or geographical indication confers on the person authorized under the relevant law to exercise the rights arising therefrom the right to prohibit the use of a subsequent trade mark.
4. Any Member State may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid where, and to the extent that:
- (a) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark, and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;
 - (b) the use of the trade mark may be prohibited by virtue of an earlier right, other than the rights referred to in paragraph 2 and point (a) 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;
 - (c) The trade mark is liable to be confused with an earlier trade mark protected abroad, provided that, at the date of the application, the applicant was acting in bad faith.
5. The Member States shall ensure that in appropriate circumstances there is no obligation to refuse registration or to declare a trade mark invalid where the proprietor of the earlier trade mark or other earlier right consents to the registration of the later trade mark.
6. Any Member State may provide that, by way of derogation from paragraphs 1 to 5, the grounds for refusal of registration or invalidity in force in that Member State prior to the date of the entry into force of the provisions necessary to comply with Directive 89/104/EEC are to apply to trade marks for which an application has been made prior to that date.

C. Cases

1. EU—GC—Are earlier non-registered rights used in the course of trade in the UK still relevant in opposition proceedings initiated pre-Brexit?

In *Nowhere v. EUIPO—Ye (APE TEES)*,²⁴ the General Court considered an appeal from the decision of the Second Board of Appeal rejecting an opposition against an EUTM application for the figurative sign APE TEES (depicted below), registered for various goods and services in Classes 3, 9, 14, 18, 25, and 35, including jewelry, bags, and clothing.



The application for registration of the mark was filed in June 2015. In March 2016, it was opposed by the applicant, Nowhere Co. Ltd. The opposition was based on, among others, earlier non-registered trademarks used in the course of trade in the United Kingdom, pursuant to Article 8(4) of the 2009 EUTM Regulation (now Article 8(4) of the 2017 EUTM Regulation).

The Opposition Division rejected the opposition, a decision later upheld by the Second Board of Appeal. Nowhere Co. Ltd. appealed the Board's decision to the General Court. In July 2019, before the General Court had a chance to consider the matter on merits, the Second Board of Appeal revoked its first decision on account of an obvious error attributable to EUIPO. It was not until February 2021 that the Second Board of Appeal once again dismissed the appeal. In its second decision, the Board found that after the end of the Brexit transition period on December 31, 2020, Nowhere Co. Ltd. could no longer rely on its non-registered UK rights and the UK rules governing common-law actions for passing off for the purposes of Article 8(4) EUTM Regulation.

Nowhere Co. Ltd. filed another appeal to the General Court, arguing that the relevant date to establish existence of earlier rights relied on in an opposition is the date on which the contested application was filed. Since the contested application was filed in June 2015, long before the end of the Brexit transition period, the earlier UK rights should have been taken into account.

²⁴ Case T-281/21 (GC, March 16, 2022).

In response, the EUIPO submitted that earlier rights must exist not only on that date, but also on the date on which EUIPO takes its final decision on the opposition, that is to say, the date on which the Board of Appeal adopted the contested decision.

The General Court annulled the contested decision. The Court first stressed that, in line with established case law of the Court of Justice,²⁵ it is the filing date of the contested application against which an opposition has been brought that is decisive for the purposes of identifying the applicable substantive law. Referring to *Grupo Textil Brownie v. EUIPO—The Guide Association (BROWNIE)*,²⁶ *Bauer Radio v. EUIPO—Weinstein (MUSIKISS)*,²⁷ and *Inditex v. EUIPO—Ffauf Italia (ZARA)*,²⁸ the Court stated that it follows from the above that the existence of a relative ground for opposition must be assessed as at the time of filing of the application for registration of an EUTM against which a notice of opposition has been filed. The Court then found that the fact that the earlier trademark could lose the status of a trademark registered in a Member State at a time after the filing of the application for registration of the EUTM, in particular following the withdrawal of the Member State concerned from the European Union, is, in principle, irrelevant to the outcome of the opposition.

The Court stressed that the contested application was filed in June 2015—that is, before the entry into force of the withdrawal agreement and the expiry of the transition period. Consequently, the UK's withdrawal from the EU had no impact on the basis of the opposition. The earlier non-registered trademarks were, insofar as they had been used in the course of trade in the United Kingdom, capable of forming the basis of the applicant's opposition. The Court agreed with the applicant that the Board erred in rejecting the opposition for the sole reason that the transition period had expired at the time when the contested decision was adopted and stated that the Board should have taken the earlier UK rights into account.

The Court also pointed out that almost eighteen months had elapsed between the notification to the parties of revocation of the first Board of Appeal decision in August 2019 and the adoption of the contested decision in February 2021. The Court noted that the only relevant document that post-dated the entry into force of the withdrawal agreement and the end of the transition period was the contested decision.

Finally, the Court addressed the EUIPO's argument that, as from the end of the transition period, there was no conflict between

²⁵ Case C-591/12 P, *Bimbo v. OHIM* (CJEU, May 8, 2014); Case C-702/18 P, *Primart v. EUIPO* (CJEU, June 18, 2020).

²⁶ Case T-598/18 (GC, January 30, 2020).

²⁷ Case T-421/18 (GC, September 23, 2020).

²⁸ Case T-467/20 (GC, December 1, 2021).

the mark applied for and the earlier non-registered trademarks. The Court stated that even if it were to be accepted that, after the end of the transition period, a conflict between the marks at issue could no longer arise, it does not change the fact that such a conflict could nevertheless have existed during the period between the date on which the EUTM application was filed and the expiry of the transition period. This period ran from June 2015 to December 2020—that is, for five and a half years. Notably, the Court stated that it is “difficult to comprehend” why the applicant’s earlier non-registered trademarks used in the UK would have to be denied protection also during that period. Based on the above, the Court acknowledged that the applicant had a legitimate interest in the success of its opposition regarding that period.

Accordingly, the Court found that the Board of Appeal erred in dismissing the appeal and annulled the contested decision.

Postscript: The EUIPO filed an appeal to the Court of Justice of European Union, asking the Court of Justice to set aside the judgment of the General Court and dismiss the applicant’s action directed against the Board of Appeal decision. Requesting that the appeal be allowed to proceed, the EUIPO argued that the General Court had violated Article 8(4) of the 2009 EUTM Regulation by erroneously considering that the only relevant point in time in respect of which the opposition must be assessed is the filing date of the contested EUTM application. The EUIPO submitted that the General Court had confused the preliminary issue of determining the applicable law *ratione temporis* with the procedural and substantive issue of the validity of the earlier right on the date of adoption of the final decision on opposition. Furthermore, the EUIPO claimed that the Court had ignored the existence of diverging lines of case law and did not explain the approach taken in the contested judgment.

In its order dated November 16, 2022, in a rare permission, the CJEU allowed the appeal to proceed in its entirety. Unlike the vast majority of trademark appeals since the rule change reported in the last Review, the Court found that the request submitted by the EUIPO was indeed capable of establishing that the appeal raised an issue that is significant with respect to the unity, consistency, or development of EU law.

2. France—Supreme Court—Does the name of a country constitute a valid prior intellectual property right in France?

The French Supreme Court considered²⁹ the novel issue as to whether the name of a country could of itself constitute a valid and

²⁹ April 6, 2022—No. 17-28.116.

protectable trademark in France. The U.S. company France.com Inc. (“France.com”) owned the domain name “france.com” as well as several French national marks and EUTMs for france.com, both verbal and semi-figurative, for products and services in Classes 16, 25, 35, 36, 38, 39, 41, 42, and 43.

The French State considered that such trademarks and the domain name had been fraudulently registered, were contrary to public order, and infringed its prior rights to the country name “France.”

On the basis of Articles, L. 711-2, L.711-3, and L. 714-6 of the French Intellectual Property Code, the French State filed an action before the French courts requesting the transfer or, alternatively, the cancellation of the five French trademarks, the transfer of the domain name and that France.com relinquish its rights voluntarily regarding the EUTMs.

In a decision of November 27, 2015, the Paris Court of First Instance ordered the transfer of the trademarks and the domain name. France.com appealed this decision, and on September 22, 2017, the Paris Court of Appeal reversed the judgment insofar as it ordered France.com Inc. to transfer the trademarks in dispute to the French State, but nevertheless canceled the French trademarks for france.com for *all* the protected goods and services. The first instance order to transfer the domain name was also upheld.

France.com filed a further appeal before the French Supreme Court, arguing that:

- the French State’s trademark cancellation claim was time barred, since the trademarks in dispute had been registered for more than five years prior to the filing of the action. According to Article L 716-2-8 (ex-art. L 714-3, al. 4 of the French Intellectual Property Code, in its wording prior to that resulting from the ordinance 2019-1169 of 13-11-2019, applicable in this case), the owner of a prior right cannot request the cancellation of a later trademark registration that was filed in good faith and who has acquiesced to its use for more than five years.
- Article L. 711-4 of the French Intellectual Property Code, which lists the prior rights that may serve as the basis to oppose a trademark registration of a trademark, is a “closed” list. Thus, the French State could not assert prior rights to the country name “France” in the absence of any express national provision to do so.

With respect to the acquiescence, the French Supreme Court dismissed France.com’s argument on the grounds that a person who raises acquiescence as a defense to an invalidity claim must demonstrate (i) the honest and continuous use for more than five years of the trademark registration, which cannot be assumed from

the fact of registration alone, as well as (ii) the owner of the prior right's knowledge of such use.

The French Supreme Court noted that, in this case, France.com simply invoked the date of registration of its trademarks as the starting point for the five-year acquiescence period, so this was not proven.

With regard to the French State relying upon the name of a country as a prior right, the French Supreme Court dismissed the appeal, stating that the list in Article L711-4 of the French IP Code is not exhaustive and that the name “France” constitutes an element of the French State’s identity for which it is entitled to claim a prior intellectual property right pursuant to this Article.

3. Germany—Federal Patent Court—When does a likelihood of confusion arise in a complex mark?

The Federal Patent Court of Germany held³⁰ that visual, conceptual, and phonetic similarities, which may not individually give rise to a likelihood of confusion, may together give rise to a likelihood of confusion in complex terms.

The opponent had opposed the registration of the below trademark:



on the basis of the following trademark:



³⁰ Case No. 26 W (pat) 38/17 (German Federal Patent Court, July 26, 2022).

Both trademarks had been registered for non-alcoholic beverages.

The German PTO originally rejected the opposition, regarding the trademarks as dissimilar. Upon appeal, the Federal Patent Court overturned the decision and upheld the opposition.

Aurally, the respective trademarks were characterized by their respective word elements, but not phonetically characterized by the element "HORSE." The public would recognize the earlier mark as a word combination in which the word "HORSE" was prefaced by "POWER," giving an overall term "strong/powerful horse." The word elements of the younger trademark also related to each other and were connected to form the overall term "silver horse."

The Federal Patent Court acknowledged visual similarities: Both parts of the word were written in black, bold capitals. They had a similar length and contained the phonetic sequence "VER/WER HORS." In the center of both figurative elements was a horse of similar size, its front legs from the ground and its upper body is raised. Both figurative elements also contain lines crossing each other, appearing as crossed swords in the later mark. However, the marks also show various differences. The letters of the word elements of the earlier mark were bolder and larger, placed above the horse motif in the contested mark and below it in the earlier mark. The stylized, white galloping horse of the contested mark facing left contrasted with a naturalistic, strongly rearing black horse with pronounced musculature facing right. The horse in the younger mark was on a coat of arms-like shield, while the horse in the earlier mark was against a rectangular background of two red and white triangles. The shield and the crossed swords of the younger mark were reminiscent of the family coat of arms of an old noble family, while the older mark, with its striking red and white triangles red and white triangles evoked associations with the Ferrari horse.

Conceptually, both marks combined the word element "Horse" with a preceding indication of quality of the respective horse. However, the conceptual difference between "SILVER" and "POWER" would be easily recognized by the public.

In assessing the overall impression of the two marks, the Federal Patent Court emphasized that the aural, visual, and conceptual similarities need not individually establish a direct likelihood of confusion. Even if they are not sufficient alone, trademarks are so close aurally, visually, and conceptually that they may result in a *complex similarity* of the marks, a doctrine developed by the case law of the Federal Patent Court, justified on the basis of imperfect recollection.

4. Austria—Austrian Supreme Court—Can noticeable graphic elements and additional terms prevent likelihood of confusion?

The Austrian Supreme Court considered³¹ a dispute between the plaintiff, the proprietor of the Austrian word mark SZIGET (registered in 2006) and an identical EUTM (registered in 2017), both registered, inter alia, for alcoholic beverages [except beers]; sparkling and semi-sparkling wines, wines in Class 33. The defendant, established in 2018, whose managing director and sole shareholder was the homonymous brother of the plaintiff's managing director and was until 2017 a shareholder of the plaintiff, was the proprietor of the following word and figurative trademark (registered in 2020 for alcoholic beverages, except beers; alcoholic preparations for making beverages in Class 33):



The lower instance court's prohibited the defendant from marketing and/or advertising sparkling and semi-sparkling wines using its word and figurative mark or a similar designation that contained the word mark SZIGET as a dominant element and/or any designation confusingly similar thereto.

Upon the defendant's appeal, the Austrian Supreme Court reiterated the infringement provisions of Section 10 paragraph 1 of the Austrian Trademark Act (MSchG)³² subject to the exception at Section 10 paragraph 3 MSchG³³ that the proprietor of a registered trademark cannot prohibit a third party from using its name in the

³¹ OGH 18.10.2022, 40b131/22a.

³² The equivalent provision in Directive (EU) 2015/2436 is Art. 10 No. 2.

³³ The equivalent provision in Directive (EU) 2015/2436 is Art. 14 Nos. 1 and 2.

course of trade, provided such use is in accordance with honest practices in industrial and commercial matters.

This “own name” exception is to be interpreted narrowly. If an (earlier) registered trademark is completely incorporated into another sign, the likelihood of confusion must be assumed in case of similarity or identity of goods and services, even if other elements are present. In the case of a sign composed of a word and a picture, the word element is usually dominant in the overall impression, because textual elements tend to be oriented to word elements (provided they are distinctive) so that tends to be the element recalled.

Given that the goods of both parties were largely identical, the Austrian Supreme Court upheld the finding of a likelihood of confusion. Given the similarity of the goods, there should have been a clearer “distance” between the signs in order to allow the memorable element of the defendant’s sign, the plaintiff’s protected word mark SZIGET, which is incorporated in its entirety, to recede into the background. Different label designs could not eliminate a likelihood of confusion. The argument of homonymy, which is common in the wine industry, and the reference to the relevant public are not relevant because the likelihood of confusion is sufficient for one of several target publics—in this case average customers of an Austrian supermarket.

The addition of a first name does not change the likelihood of confusion, especially since the public will not regularly assume in relation to the plaintiff’s word mark, which is considered to be distinctive, that the addition of “Norber” is more than just a marketing measure to differentiate similar products, which, however, come from the same manufacturer or at least from economically related companies. Given the identical use of a well-known trademark, unfairness could be assumed in the circumstances as the possibility of exploitation of reputation was obvious. The owner of the later company must do everything reasonable to use existing alternatives or distinctive additions in order to eliminate the risk of confusion when creating a new company name. The Austrian Supreme Court considered such an approach was in line with the case law of the CJEU³⁴ on trademarks, since “honest practice” must take into account the extent to which the use of the name is perceived by the public concerned as an indication of a connection between the trademark proprietor and the goods or services of the holder of the name *and* the extent to which the holder of the name should have been aware of this.


³⁴ In this regard the Austrian Supreme Court cites one previous decision in which for a similar matter it refers to ECJ Case C-245/02, *Anheuser-Busch*, para. 83 and Case C-17/06, *Céline*, para. 34.

The defendant’s company name was not used to identify, neither as a whole nor in its fanciful and non-descriptive part (which was also registered in capital letters), instead using only the part that also corresponds to the name of its managing director and sole shareholder and that, in turn, is identical in the surname to the plaintiff’s word mark, which had an earlier priority. The defendant has thus distanced itself from its own name and approximated the plaintiff’s trademark in order to identify its similar goods. The complete adoption of the plaintiff’s word mark as a dominant element of the product designation was unfair and not in accordance with honest practices in trade and commerce, because it led to an exploitation of the attention of the mark vis-à-vis the average consumer.


5. Germany—Federal Patent Court—Can an optical illusion create the similarity between two marks?

The Federal Patent Court of Germany found³⁵ that the requirement of clarity of the trademark register could not be satisfied where the sign (and the basis for comparison with other marks to determine confusion) makes the average consumer “fill in” elements of the perception of the mark due to an optical illusion.

The case related to opposition proceedings between the following marks:

Earlier Mark		“medical services; health and beauty care for humans; medical practitioner services; operation of clinics; services of medical clinics; medical consultancy and care services by physicians and other medical personnel” in Class 44
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³⁵ Case No. 30 W (pat) 44/20 (German Federal Patent Court, December 16, 2021).

Later Mark		“medical and veterinary services, in particular services of a doctor, a hospital, a rehabilitation clinic, a medical care centre and a polyclinic; health and beauty care for humans and animals; health promotion through health counselling; medical rehabilitation in the form of performing physiotherapy, rehabilitation measures and health sports; care for the elderly; outpatient care services” in Class 44.
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The German Patent and Trade Mark Office originally rejected the opposition, considering the trademarks to be dissimilar. Upon appeal, the Federal Patent Court confirmed the decision. It held that the earlier mark was distinctive only to a low degree because the rod of Asclepius in the middle of the sign would be perceived as descriptive. “Asclepius” is a reference to the Greek god of healing and the rod of Asclepius is a common symbol for medical services. The “frame” border element was also weakly distinctive, consisting of two simple geometric shapes (a circle and a triangle), which served only to emphasize the central Asclepian rod in the center and hence the primary association with “medical services.”

Further, the court considered the similarity of the signs to be very low. Based on the principle that no rights may be derived from elements that are unprotectable, the common element of the rod of Asclepius, customary in the medical field, was not sufficient for conceptual similarity. For visual similarity, the court found some differences in the representations of the rod of Asclepius (the snakes wind in different directions, for example). The figurative effect of the marks was particularly enhanced by their respective frames, which were clearly different from each other: The frame in the opposing mark consists of the geometric shapes “circle” and “triangle” in green color, whereas the contested mark has a more open and artistic design. Even assuming that the framing of the contested mark suggested a triangular or round shape, it conveyed a different character to the overall sign than the closed geometric border of the opposing mark.

Finally, the court did not follow the opponent's argument that the similarity of the signs should be stated as the result of an addition made by the human brain to the dots and arcs of the challenged mark (so-called filling-in). The court pointed out that neural findings based on an associative addition of "empty spaces that should not be empty" cannot be used to assess the likelihood of confusion. Third parties and, in particular, competitors must be able to see directly and unambiguously from the representation in the register what protection is claimed for reasons of legal certainty. This requirement is not fulfilled if a sign that differs from the registered trademark could be used for the comparison of signs, the subject matter of which is determined by means of so-called filling-in.

Overall, therefore, at most a very low degree of similarity between the signs was assumed, on the basis of a low distinctiveness of the opposing mark, such that a likelihood of confusion could be ruled out even to the extent that the services may be identical.

6. Portugal—Portuguese PTO (INPI)—Should the registrability of a trademark be assessed only by reference to its target public and the specific territory in which it is intended to be used?

On August 20, 2021, the Portuguese PTO, the Instituto Nacional da Propriedade Industrial (the "INPI"), refused *ex officio* the application for registration of the trademark "CAFÉ RITZ" as a Portuguese trademark in respect of *food and drink* related services in Class 43.

The application was filed by three Portuguese citizens (the "applicants"), all brothers, with the aim of protecting the name of their father's cafe, located in the famous student city of Coimbra.

The INPI refused the application for being confusingly similar with the prior Portuguese logos "HOTEL RITZ" and "" on behalf of Hotel Ritz S.A. (the "Hotel Ritz"), as well as with the International Registration "PARIS RITZ HOTEL" on behalf of The Ritz Hotel Limited, Société Organisée Selon Les Lois du Royaume-Uni.

The applicants appealed to the Portuguese Intellectual Property Court (the "TPI") on October 25, 2021. The applicants argued that there was no connection between the services provided by the owners of the prior rights and the services that the applicants intended to provide with the trademark CAFÉ RITZ. This argument was upheld on the basis that the target public of CAFÉ RITZ were students in Coimbra and thus the territorial location of the applicants' establishment prevented the possibility of confusion. The applicants had also claimed that the signs were graphically distinguished, which further reduced the likelihood of confusion. The Hotel Ritz intervened at this stage in the proceedings, seeking

to agree with the arguments of the INPI that led to the refusal of the application.

On February 17, 2022, the TPI issued its decision, upholding the initial decision of the INPI to refuse registration. The TPI considered that the distinctive and dominant component was the word “RITZ,” so the fact that some of the prior rights contained a figurative component was of secondary importance, bearing in mind the impact that the word “RITZ” had on the consumer. Given the common, dominant element of the two signs, the TPI considered that consumers would associate CAFÉ RITZ with the business/corporate origin of the Hotel Ritz, whose services were well known to the Portuguese public.

The TPI’s view was that it was essentially irrelevant that the applicants’ cafe was very well known in Coimbra, frequented by students, and operated by the applicants’ family for many years. The proprietors had chosen not to seek to register the mark since it had been opened (between 1951 and 1960) until now. The TPI concluded that “in a global appraisal of the brands in question (the one that really matters), there are enough similarities to lead the consumer to the risk of association between both brands, thinking that they come from the same business entity.”

7. Greece—Athens Administrative Court of Appeal— How should likelihood of confusion be assessed in cases of similarity based upon common letters?

The Administrative Court of Appeal of Athens, Greece considered³⁶ a case relating to an opposition between two marks, as depicted below, in respect of identical goods (beer).



The letters “Z” and “ζ” are the upper- and lower-case versions of the same letter of the Greek alphabet and the word “ZHTA” (“zita”) is the way this letter is pronounced. The two trademarks consisted of this letter and other nondistinctive verbal elements as well as figurative elements.

The trademark examiner originally rejected the junior application on the ground that the two marks were highly similar

³⁶ No. 271/2022 Athens Administrative Court of Appeal.

and the goods identical. Similarity of marks was based upon the fact that the marks shared the same dominant element as the single letter “zita” (Ζ, ζ) of the Greek alphabet and were therefore phonetically and conceptually identical, given that the other elements were nondistinctive. Given the similarity of the marks, taking into account that the (identical) goods at issue were usually ordered orally (e.g., in bars and restaurants), the risk of confusion was established.

On appeal before the TMO, this finding was reversed. The signs included in the trademarks (Ζ and ζ) were different and, combined with different verbal, color, and figurative elements, they created a different impression, which negated the risk of confusion. The TMO decision was then appealed before the first instance administrative court. This again found that no risk of confusion existed. The reasoning was that a) the letter “Ζ” is not inherently distinctive, b) the earlier mark was not proved to have acquired distinctiveness and c) the marks also include original figurative elements.



This decision was further appealed before the Administrative Court of Appeal. The court affirmed the decision of the first instance court. It found that the marks as a whole created a different overall impression, given their various verbal and figurative elements. Furthermore, the dominant element, the letter “Ζ” (or “ζ”) characteristic, given that it is the first letter of the Greek word for beer “zithos,” is differentiated given that in the earlier mark it is written in upper case and in the later mark in lower case and can therefore not constitute its dominant element. Regarding the fact that the goods are usually ordered orally in bars and restaurants, the court found that there were other elements that play a role, and in particular the rest of the verbal elements and more so the word “ΕΖΑ,” which is the company name of the applicant of the later mark. The court found that the distinguishing element “ΕΖΑ” of the later mark was sufficient to rule out confusion. Here, the lack of acquired distinctiveness of the earlier mark seemed also to reduce the risk of confusion.

8. Benelux—Benelux Court of Justice—How can descriptive elements contribute to a likelihood of confusion?

In three parallel judgments of June 15, 2022, in *The a2 Milk Company / MJN*,³⁷ the Benelux Court of Justice did not find a likelihood of confusion between the contested signs and the earlier

³⁷ Benelux Court of Justice, June 15, 2022, C 20/19 (*The a2 Milk Company / MJN I*); Benelux Court of Justice, June 15, 2022, C 20/20 (*The a2 Milk Company / MJN II*); Benelux Court of Justice, June 15, 2022, C 21/8, *ICIP Ing.-Cons.*, 2022, p. 455 (*The a2 Milk Company / MJN*).

trademarks because the common element was deemed to be descriptive.

Earlier EUTMs	Benelux trademark applications
	

MJN develops and markets infant formula and filed three different Benelux trademark applications. The a2 Milk Company develops and markets milk products containing a so-called A2 beta-casein protein and is the holder of several earlier “a2” composite trademarks. The a2 Milk Company unsuccessfully filed oppositions against MJN’s trademark applications before the Benelux Office for Intellectual Property (“BOIP”), and then appealed to the Benelux Court of Justice.

Nevertheless, the Benelux Court of Justice shared the findings of the BOIP that there is no likelihood of confusion between each of the contested signs and the earlier marks due to the descriptiveness of their common element “A2” / “a2” for milk products. The Court considered that the descriptive character of a mark plays a role in assessing the similarity between a sign and an earlier mark. After all, descriptive, nondistinctive, or weakly distinctive elements of a composite sign/mark will generally have lesser weight in the analysis of similarity than other elements with high distinctiveness. Especially in the circumstance that a word element in a composite sign / mark is descriptive, this may then result in the visual element(s) being the most defining for the overall impression of the sign / mark.

The Court concluded that the contested signs and the earlier marks have only the word element “A2”/“a2” in common, which was deemed to be descriptive of a particular type of milk (product) and will therefore play a subordinate role in the overall image of the signs / marks. The relevant public, which has at least an average level of attention, will instead pay more attention to the visual differences between the signs and the earlier marks. As a result, the Benelux Court of Justice held that no likelihood of confusion can be assumed.

**9. Greece—Athens Administrative Court of Appeal—
How should the risk of confusion be assessed for very
“short” marks?**

The case³⁸ concerns the registrability of the trademark ZARK in light of the earlier trademark ZARA for identical goods (clothes). The proprietor of the well-known Zara retail chain filed an opposition against the junior application ZARK before the Greek Trademark Office (“TMO”). The junior applicant claimed that he had been using the ZARK mark for his own clothes shop since before the ZARA mark had been registered. He also claimed due cause for use of the mark, since ZARK was the beginning of the proprietor’s surname.

The TMO rejected the opposition on the basis that the marks were sufficiently different and that identity of goods on its own cannot lead to a risk of confusion. The TMO noted that because the marks are short, small differences would be enough to preclude confusion. The marks were found to be different visually, phonetically, and conceptually, due to the characteristic ending of the junior mark, “-RK,” the fact that the junior mark consisted of one syllable while the senior mark of two and that the word “ZARA” in Greek has a meaning (wrinkle).

Upon appeal before the first instance administrative court, the opposition ruling was reversed. The court found that the marks were similar in light of the first three letters (“ZAR”) so the different ending of each mark was not sufficient to distinguish the marks given that similarity is judged on the basis of the overall impression of the two marks. Further, the court took into account the increased distinctive character of the ZARA mark arising from its reputation.




The decision was further appealed before the Athens Administrative Court of Appeal. This reversed the first instance court ruling and affirmed the findings of the TMO. It found that the marks were different because of their different ending, the different number of syllables, the different meaning (part of the name of the junior mark applicant as opposed to “wrinkle” for the senior). Last, the court took into account that due to the reputation of the later mark, consumers were aware that the ZARA items were sold only in ZARA shops and that the distribution and market channels of each brand were different. As regards the legal basis of reputation, the court found that even though it was proved that the ZARA trademark was a well-known and famous mark, there was insufficient proof of a change in economic behavior of consumers (or a risk of such), not least given that the junior mark applicant had operated two clothes shop under the brand ZARK since 1985, neither of which were in Athens. Since the court had found there

³⁸ No. 386/2022 Athens Administrative Court of Appeal.

was no similarity of the signs, there could be no risk of dilution or unfair advantage, which presupposes the similarity of marks.

10. UK—High Court—Is a positive intention to take advantage of an earlier mark necessary to establish unfair advantage?

In the case of *Monster Energy Company v. Red Bull GmbH*,³⁹ the High Court upheld the UKIPO’s decision to reject the application of Monster Energy Company (“Monster”) to register RED DAWG (the “Contested Mark”) as a trademark because the mark would take unfair advantage of an earlier mark held by Red Bull Energy Company (“Red Bull”).

Red Bull’s earlier marks (the “Earlier Marks”)	The Contested Mark
<div> (the “First and Second Earlier Marks”)</div> <div></div> <div> (the “Third Earlier Mark”)</div>	<div>RED DAWG</div>

Monster had applied to register the Contested Mark in Class 32 for non-alcoholic beverages. Red Bull opposed the registration on the grounds that the Contested Mark was similar to the Earlier Marks and for identical or similar goods (Section 5(2)(b) of the Trade Marks Act 1994 (“TMA 1994”)), and on the grounds that the Contested Mark would take unfair advantage (Section 5(3)) of the reputation and goodwill in the Third Earlier Mark. The Hearing Officer rejected Red Bull’s opposition under Section 5(2)(b) but upheld it under Section 5(3).

In the UKIPO hearing, Monster Energy argued that the Contested Mark was not similar to the Earlier Marks and disputed the likelihood of confusion. Monster further put Red Bull to proof of both reputation and enhanced distinctive character in the Earlier Marks. Monster also pointed to the lack of evidence adduced by Red Bull to demonstrate that unfair advantage would arise.

³⁹ [2022] EWHC 2155 (Ch).

At the hearing, Red Bull confirmed that its claim of enhanced distinctive character was only in respect of the Third Earlier Mark. The Hearing Officer considered the Third Earlier Mark to be the opponent's best case on the grounds of Section 5(3), so did not consider further analysis of the First or Second Earlier Marks to be necessary.

The Hearing Officer held that the Third Earlier Mark and the Contested Mark were similar and that the Third Earlier Mark had a very high degree of distinctive character, but that there was no likelihood of confusion, and therefore dismissed Red Bull's objection under Section 5(2)(b).

On unfair advantage, the Hearing Officer found that the Third Earlier Mark "clearly had a very strong reputation in the UK" and applied *Jack Wills Limited v. House of Fraser (Stores) Limited*,⁴⁰ stating that intent on the part of the applicant to ride on the coattails of the earlier mark would help a claim for unfair advantage, but that the absence of such intention would not defeat such a claim. In this case, there was no evidence of an intention on the part of the applicant to deceive the public or to cause confusion.

The Hearing Officer held that, notwithstanding the fact that consumers would not be prone to direct or indirect confusion, the Contested Mark would remind consumers of the Third Earlier Mark, making the Contested Mark "appear instantly familiar" and allowing the applicant to establish the Contested Mark at a lower marketing cost than would otherwise be the case. This would allow the Contested Mark to "free-ride" on the reputation of the Third Earlier Mark, giving Monster an unfair advantage. The Hearing Officer applied *Intel*⁴¹ and *Environmental Manufacturing*⁴² to state that Red Bull was not required to adduce such evidence, and it is permissible to deduce a serious risk of damage from the evidence. The opposition under Section 5(3) was therefore upheld.

Monster appealed from the UKIPO to the High Court, arguing that the Hearing Officer had:

1. conducted insufficient evidential analysis of the two separate tests for the presence of (i) the "link" in consumers' minds between the RED DAWG and RED BULL marks, and (ii) of unfair advantage, and that the Hearing Officer had conflated the two legal tests, assuming the presence of unfair advantage;
2. expressly rejected a finding of a positive intention on the part of Monster, either express and direct or "diffuse," to deceive or cause confusion in their use of the Contested

⁴⁰ [2014] EWHC 110 (Ch), para. 80.

⁴¹ [2009] Bus. L.T. 1079, para. 38.

⁴² *Environmental Manufacturing LLP v. OHIM*, Case T-570/10, para. 52.

Mark, and that without such intention there could be no finding of unfairness; and

3. without sufficient evidential analysis, had wrongly assumed that the use of the Contested Mark would provide an advantage to Monster, and that the finding under Section 5(2)(b) that there was no risk of confusion contradicted the finding of an unfair advantage.

The High Court upheld the Hearing Officer's decision, confirming the analysis and conclusions to be "entirely uncontroversial." The High Court pointed to the Hearing Officer's reference to *Jack Wills* and the fact that the type of unfair advantage considered in that case was effectively the same as that under consideration in relation to the Contested Mark.

The Court acknowledged that the Hearing Officer's reasoning was "rather compressed" and embarked on a more detailed explanation of the Hearing Officer's decision, applying *Jack Wills* extensively and reaffirming that a positive intent on the part of the applicant to take advantage of an earlier mark is *not* necessary for unfair advantage to be made out.

The High Court therefore rejected Monster's argument that, in the absence of direct or "diffuse" intent on their part to hang on the coattails of the Third Earlier Mark, there could be no unfair advantage. The High Court confirmed and reiterated that the intent relevant to unfair advantage was a general intent, stating that the Hearing Officer's analysis "was clear and correct." Monster had selected the Contested Mark for its brand significance, and in doing so had intended to influence the economic behavior of the consumers of its goods by making the products more attractive. Applying the reasoning of Arnold J in *Jack Wills*, the Court found that the use of the Contested Mark would cause a "subtle but insidious transfer of image" from Red Bull's products to Monster's. The Contested Mark would be instantly familiar to consumers, and Monster would, as a result, be able to sell greater quantities of their product in return for lower marketing and promotion costs than would otherwise be necessary. This ability to 'sell more and spend less' would give Monster an unfair advantage, regardless of their intent.

The High Court also rejected Monster's argument that the Hearing Officer's analysis was flawed in conflating the "link" with the test for unfair advantage, and thereby assuming the latter. The Court held that the Hearing Officer had adequately analyzed both issues; however, the "link" and the issue of unfair advantage were intrinsically related in that the effect of the "link" on consumer behavior would give Monster an unfair advantage. Monster criticized the Hearing Officer's decision in light of the lack of evidence of a serious risk of unfair advantage. The Court found no error in the Hearing Officer's decision on this point and reaffirmed

the Hearing Officer's entitlement to make "logical deductions"⁴³ "based on the inherent probabilities" that there was such a risk. The Court approved of the Hearing Officer's finding that the absence of confusion on the part of the consumer did not preclude a finding of unfair advantage.

Finally, the Court referred to *Apple Inc. v. Arcadia Trading Ltd.*⁴⁴ to state that appellate courts must exercise caution when considering whether to overturn decisions made by lower courts and tribunals that, notwithstanding the fact that the appellate court may have come to a different conclusion on the facts, are not manifestly wrong. Moreover, the Court stated that it is often the case that there are competing factors in an evaluation, but that such competing factors merely necessitate the taking of a decision, rather than indicating the Hearing Officer's decision was wrong.

**11. UK—IPEC—Can a likelihood of confusion arise
when the similarity of two marks is (solely) based in
their descriptive elements?**








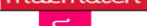






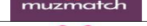



In *Match Group LLC v. Muzmatch*,⁴⁵ the UK's Intellectual Property Enterprise Court ("IPEC") confirmed that a descriptive element in a company name may still infringe a third-party trademark where the proprietor can show acquired distinctiveness with respect to those descriptive elements.

The claimants were members of Match Group Inc. ("Match Group"), which owned and operated a number of renowned online dating sites globally, including Match.com, Tinder, OKCupid, and Hinge. The defendant, Muzmatch, was a business that provided Internet matchmaking services to the Muslim community. Match Group owned three EUTMs and two UK trademarks containing the words "match" and "tinder," as shown below. Muzmatch, not having registered any trademarks, used an assortment of logos from 2011 to the date of the case in 2020, also shown below.

⁴³ Environmental Manufacturing LLP v. OHIM, Case T-570/10, para. 52.

⁴⁴ [2017] EWHC 440 (Ch), para. 11.

⁴⁵ Match Group, LLC v. Muzmatch Ltd., [2022] EWHC 941 (IPEC).

Trade Mark	Logo No.	Sign used by the Defendants
MATCH.COM	1	
MATCH.COM	2	
MATCH.COM	3	
MATCH.COM	4	
MATCH.COM	5	
MATCH.COM	6	
MATCH.COM	7	
MATCH.COM	8	
MATCH.COM	9	
MATCH.COM	10	
MATCH.COM	11	
MATCH.COM	12	
MATCH.COM	13	
MATCH.COM	14	
MATCH.COM	15	
MATCH.COM	16	
MATCH.COM	17	
MATCH.COM	18	
TINDER		
TINDER		

Learning of Muzmatch’s existence in 2016, Match Group wrote to it, alleging trademark infringement. Match Group subsequently offered to acquire Muzmatch, but this was rejected.

In 2020, Match Group finally issued a claim against Muzmatch, alleging trademark infringement under Section 10(2)(b) and/or Section 10(3) of the Trade Marks Act 1994.⁴⁶ Specifically, the claim concerned the use of the word “match” as part of Muzmatch’s name and the use of “match” within Muzmatch’s search engine optimization (“SEO”) strategy, which used approximately 5,000 keywords in order to increase traffic to its website.

Muzmatch undertook not to use the word “tinder” on its website and mobile app but continued to deny liability for its use of the word “match.” It argued that the word “match” used on its own was not distinctive and that Match Group could not monopolize a term that is descriptive in nature, especially when used in the context of dating services.

The judgment first considered the average consumer of Muzmatch services. Muzmatch sought to argue that because (at a level of generality) the Muslim community largely objects to general online dating services (its own assertion), the average consumer should not include that community. The Court rejected this argument, and held that because Match Group’s marks were registered for online dating and introductions services generally, the average consumer would be a member of the general public who

⁴⁶ Trade Marks Act 1994 Pt. I.

is or may be interested in looking for a partner by means of such a service. In doing so, it accepted Match Group's evidence showing a "reasonably large" number of new registrants to its service who were Muslims.

On the question of distinctiveness/descriptiveness, the Court held that although Match Group's trademarks and Muzmatch's signs shared the common element "match" (which was capable of being used in a descriptive sense), due to Match Group's market-leading position, it had acquired distinctiveness, with "match" being the dominant element in its trademarks. Moreover, the use of "match" in a trademark sense was found not to have been widespread in the market by 2011, other than by Match Group itself.

As to a likelihood of confusion, the Court held that mere use by Muzmatch of the element "match" would not inevitably amount to infringement in all cases. However, because of Muzmatch's SEO, the search engine results to the average consumer would have likely presented links to Muzmatch's website, and therefore to the "Muzmatch" name. That being so, the average consumer would be unable to easily ascertain that such links originated from a third party unconnected to Match Group. The Court stated that even if it were wrong on this point, Muzmatch's use of the word "match" in its landing pages was an indication of origin, rather than being descriptive in nature, creating a link to Match Group. The Court found that use of the Muzmatch signs would lead to a likelihood of confusion in the mind of the average consumer between the two undertakings. The average consumer would likely think that Muzmatch was a Match Group sub-brand aimed at the Muslim community, so infringement under Section 10(2)(b) was established.

The Court also considered the alternative claim of dilution/unfair advantage under Section 10(3) TMA 1994. By 2011, it was clear that Match Group's trademarks had acquired a significant reputation in the UK and that this extended to the Muslim community. It was found that there was a medium degree of similarity between Match Group's trademarks and Muzmatch's signs and a high degree of similarity between the services offered by the two parties. The Court held that the average consumer would have linked the two and, consequently, that Muzmatch's use of Match Group's marks took unfair advantage of the distinctive character and reputation of Match Group's trademarks. Match Group had also alleged detriment to the distinctive character of its marks (dilution). The Court declined to find infringement on this ground because Match Group had failed to prove any adverse change in the economic behavior of the average consumer resulting from Muzmatch's use of its marks.

As well as providing guidance on the issues raised above, the judgment also contains a useful reminder of the strict terms on

which approved judgments are released, prior to public “handing down” in the UK. Shortly prior to the handing down of the decision, the parties and their legal representatives were emailed the draft judgment, as is usual. Following this, Muzmatch disclosed the outcome of the judgment to journalists, although such journalists had in principle agreed to respect the embargo until publication of the judgment. Following an enquiry, such acts were held to be a “serious” breach of the embargo by Muzmatch and a potential contempt of court. The Court, however, held⁴⁷ that the breach was a genuine mistake by Muzmatch, which did believe it was complying with its disclosure obligations, such that no further action by the Court was required. The judgment also confirmed that no blame attached to Muzmatch’s solicitors, who had taken “robust steps” to ensure that their client was aware of its confidentiality obligations. The Court emphasized that UK courts would be taking an increasingly strict line in any future breaches, particularly where they are motivated by concerns for reputation management, as was the case here.

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.

The bad faith provisions in the 2015 TM Directive significantly adjusted the position from the 2008 TM Directive. Under the 2008 TM Directive, each EU Member State could choose to incorporate into its law either a broader bad faith provision under Article 3(2)(d), a narrower one under Article 4(4)(g), or *neither*.

The 2015 TM Directive expanded the mandatory grounds, providing that Member States must provide for bad faith as a mandatory (post-registration) *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 during the application phase. The relevant provisions of the 2015 TM Directive are Articles 4(2) and 5(4)(c).

Perhaps due to these legislative changes, or merely due to evolving case law, the issue of bad faith has remained at the heart of many of the most high-profile cases in Europe over the past few years, with 2022 proving no exception. In the combined cases of *Baumberger v. EUIPO—Nube (Lío)* and *DBM Videovertrieb v. EUIPO—Nube (Lío)*, the General Court confirmed that a common

⁴⁷ Match Group LLC v. Muzmatch Limited, [2022] EWHC 1023 (IPEC).

field of activity between an earlier mark and a later application was not necessary to establish bad faith and that an intention to create a link between the goods and services covered by the contested mark and the intervener's operations was an intention to monetize the contested mark and "free-ride" on the reputation of the former. The General Court also found bad faith in the context of a (deliberately) misleading geographical indication in *Hijos de Moisés Rodríguez González v. EUIPO—Ireland and Ornuia (La Irlandesa 1943)* finding that an unjust intention of transferring the advantage derived from the association with Ireland to goods not having that geographical origin was contrary to honest commercial and business practices and constituted bad faith.

The General Court also examined the increasingly common issue of "revival" marks, here in the context of *Zdút v. EUIPO—Nehera and Others (Nehera)*. The case related to a brand that had been well known in (as it then was) Czechoslovakia in the 1940s, which had been nationalized and remained moribund until a third party filed a new application designating similar goods (clothing). The GC held that bad faith was not established in circumstances where, on the date of the filing of the contested trademark, the original mark was neither protected, used by a third party to market clothing, nor even well known among the relevant public. The issue of bad faith is very fact dependent, with an objective and subjective element. National cases in Spain considered the interaction between bad faith and acquiescence and related invalidity based upon unregistered rights, while in Sweden the relevance of contemporaneous contractual terms helped establish the bona fide intentions of an applicant.

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 4(2) of the 2015 TM Directive

1. A trade mark shall be liable to be declared invalid where the application for registration of the trade mark was made in bad faith by the applicant. Any Member State may also provide that such a trade mark is not to be registered.

Article 5(4)(c) of the 2015 TM Directive

1. Any Member State may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid where, and to the extent that:

...

- (c) the trade mark is liable to be confused with an earlier trade mark protected abroad, provided that, at the date of the application, the applicant was acting in bad faith.

C. Cases

1. EU—GC—Were trademarks filed to “free-ride” on a third party’s reputation and hence filed in bad faith?

In two parallel cases, *Baumberger v. EUIPO—Nube (Lío)*⁴⁸ and *DBM Videovertrieb v. EUIPO—Nube (Lío)*,⁴⁹ the General Court considered whether two identical figurative signs displaying the word “Lío” (as shown below) should be invalidated on the grounds of bad faith. The EU trademarks were registered in 2016 and 2018 by DBM Videovertrieb GmbH in relation to goods and services in Classes 21, 24, 25, 34, 40, and 42 (Case T-466/21) and in relation to goods and services in Classes 9, 14, 16, 18, 20, 26, and 35 (Case T-467/21), respectively. The registrations covered various merchandizing products, such as cups and mugs, T-shirts and smartphone cases. The 2016 registration was later transferred to Mr. Baumberger, the managing director of DBM Videovertrieb GmbH.



In July 2018, the intervener, Nube, SL—founder of the Lío club in Ibiza—filed an application for declaration of invalidity of both marks. This was on the basis of, inter alia, bad faith under Article 59(1)(b) of the 2017 EUTM Regulation, as well as its earlier Spanish national figurative mark and two EU figurative marks, all registered for services in Classes 41 and 43, including night clubs, lounge services, and temporary accommodation. Notably, Nube had

⁴⁸ Case T-466/21 (GC, October 19, 2022).

⁴⁹ Case T-467/21 (GC, October 19, 2022).

previously opposed one of the contested registrations on the basis of its earlier rights but failed due to dissimilarity of goods and services.

In 2020, the Cancellation Division declared both contested marks invalid on the grounds of bad faith. The decisions were later upheld by the EUIPO Fifth Board of Appeal in 2021.⁵⁰ The Board of Appeal found that the contested marks constituted a faithful reproduction of the graphic style used by Nube since 2011 and also protected by its earlier marks. Accordingly, it found that the contested marks were “virtually identical” to the “Lío” signs used by the intervener:



The Board stressed that the applicant was well aware of Nube’s business under the “Lío” sign when it applied to register the contested marks. Furthermore, the Board found that the applicant’s unethical and dishonest attempts to sell the contested mark to Nube, combined with an absence of any commercial logic and economically viable use of the contested mark, amounted to existence of bad faith by the applicant.

On appeal, the applicant claimed that the “virtual identity” of the marks did not necessarily lead to finding bad faith since the goods and services covered by the intervener’s signs and use were different from the goods and services covered by the contested mark. Further, the applicant would not have been able to hinder the intervener’s business since protection of the contested mark fell within a different commercial sector. Finally, the applicant claimed that attempts to sell the contested mark to the intervener were not unsolicited since the intervener filed an opposition against one of the contested marks that showed an intent to take hold of the contested mark.

The General Court upheld the Board’s decisions to invalidate the applicant’s registrations on the grounds of bad faith. Recalling previous case law, in particular *Koton*⁵¹ and *Skykick*,⁵² the Court

⁵⁰ Cases R 1220/2020-5 and R 1221/2020-5 (Board of Appeal, June 2, 2021).

⁵¹ *Koton Mağazacılık Tekstil Sanayi ve Ticaret v. EUIPO*, Case C-104/18 P (CJEU, September 12, 2019).

⁵² *Sky PLC and Others v. Skykick UK Ltd. and Skykick Inc.*, Case C-371/1 (CJEU, January 29, 2020) (EU:C:2020:45). For commentary on this case, see Tom Scourfield, *Annual Review of EU Trademark Law: 2019 in Review*, 110 TMR, 539-542 (2020).

first explained that bad faith arises where it is apparent from “relevant and consistent indicia” that the mark’s owner has filed the application not with the aim of engaging fairly in competition but (i) with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or (ii) with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark. The Court noted that the burden of proof to demonstrate bad faith rests on the invalidity applicant and that the good faith of the trademark applicant is presumed until proven otherwise.

In assessing bad faith, the Court first pointed out that the signs were nearly identical. While this fact alone is not sufficient to establish bad faith, it was a relevant factor to be taken into account in the overall assessment. Second, the “Lío” sign used by the intervenor was known to the applicant before filing the application for the contested mark. Accordingly, the use of the same stylization in the signs at issue could not be a mere coincidence.

The General Court also confirmed that the fact that the goods and services covered by the contested mark did not overlap with the intervenor’s business did not preclude the existence of bad faith, since bad faith is not based on the same premise as a likelihood of confusion. Furthermore, the General Court noted that the intervenor did not seek in any way an offer to purchase the contested mark; in particular, filing oppositions by the intervenor did not support such a conclusion.

The General Court found that the purpose of the applicant’s sales offers at very high prices, combined with its reference to launching sales of merchandizing items in Ibiza, the place of the intervenor’s business under the “Lío” sign, constituted an undue pressure contrary to ethical and honest commercial practices.

Finally, it noted that no evidence of a commercial activity of the applicant under the contested mark consistent with honest commercial logic was adduced.

Considering the above, the General Court held that the Board of Appeal was correct in its finding that the applicant applied for the contested mark in bad faith since the only purpose of its application was to create a link in the minds of the public between the goods and services covered by the contested mark and the intervenor’s well-known club in order for the applicant to then monetize the contested mark. The Court concluded that the real commercial logic for seeking registration of the contested marks was to free-ride on the Nube club’s reputation and take advantage of that reputation, which amounted to bad faith.

2. EU—GC—Was a trademark that referenced a specific geographical origin filed in bad faith?

In *Hijos de Moisés Rodríguez González v. EUIPO—Ireland and Ornu* (*La Irlandesa* 1943),⁵³ the General Court considered the 2014 EUTM registration for the figurative mark “La Irlandesa” (depicted below), held by the applicant, Hijos de Moisés Rodríguez González SA, and covering various food products in Class 29, including “edible oils and fats, milk and milk products.”



In 2015, the Irish Minister for Jobs, Enterprise and Innovation (Ireland) and the intervener, Ornu Co-operative (previously known as Irish Dairy Board Co-operative Ltd.), filed an application for a declaration of invalidity of the registration, arguing that the mark was deceptive and that it had been applied for in bad faith. The invalidity applicants argued that the contested mark suggested that the relevant goods originated from Ireland, while they did not. The invalidity applicants further argued that the contested mark’s owner previously had a commercial relationship with the Irish Dairy Board, which suggest a dishonest intention on its side at the time of filing the contested mark.

In June 2016, the EUIPO Cancellation Division rejected the application for a declaration of invalidity in its entirety. Ireland and the intervener appealed the decision, which was later referred to the Grand Board of Appeal. In March 2020, the Grand Board of Appeal held that, at the time the application for registration was filed, the contested mark was used in a deceptive manner. It also found that the registration of that mark had been applied for in bad faith. Consequently, it annulled the Cancellation Division’s decision and declared the contested mark invalid.

On appeal, the General Court overturned the first part of the Grand Board of Appeal decision concerning invalidity on grounds of deceptiveness, holding that the Board failed to consider whether the contested mark was deceptive at the time of its filing. Nonetheless, the General Court confirmed that the contested mark was filed in bad faith, and thus dismissed the appeal.

⁵³ Case T-306/20 (GC, June 29, 2022).

First, the Court agreed with the Grand Board's findings that the relevant Spanish-speaking public would perceive the contested mark as indicating that the goods covered by the mark are of Irish origin. However, for the mark to be declared invalid on the grounds of deceptiveness, the Grand Board should have ascertained whether there was any inconsistency between the information conveyed by the contested mark (on the Irish origin) and the characteristics of the goods *designated in the application* at the time of filing. The Court noted that the list of goods covered by the mark did not indicate their geographical origin, and it could, therefore, cover goods originating from Ireland. Since there was no inconsistency on the date of filing between the contested mark and the goods covered by that mark, the Court found that the Grand Board erred in criticizing the applicant for not having limited the list of goods to those originating from Ireland. Furthermore, since the contested mark could not be regarded as misleading at the date of its filing in 2013, the subsequent evidence originating from 2014 and 2016—taken into account by the Grand Board—could not confirm its misleading nature.

Second, with regard to the bad faith claim, the Court noted the following points: (i) for decades, the applicant sold butter of Irish origin under the contested mark in the context of its contractual relationship with the intervener; (ii) after that relationship came to an end, it continued to sell foodstuffs under that mark; and (iii) a not insignificant part of those foodstuffs, including dairy products and pork products, were not of Irish origin. The Court stressed that while these facts are irrelevant for assessing invalidity on grounds of deceptiveness, they could be indicative of bad faith.

The Court found that once the applicant had extended the use of the contested mark to goods other than butter of Irish origin, the relevant consumers were likely to be misled as to the geographical origin of those products. This is because they had become accustomed over the course of several decades to the contested mark being affixed to butter originating from Ireland. Such conduct demonstrates that at the time of the filing of the contested mark, the applicant acted with an unjust intention of transferring the advantage derived from the association with Ireland to goods not having that geographical origin. As a consequence, the Court found that the contested mark was filed contrary to honest commercial and business practices, and dismissed the applicant's appeal.

3. EU—GC—When can “resurrecting” an old brand amount to bad faith?

In *Zdút v. EUIPO—Nehera and Others (Nehera)*,⁵⁴ the General Court considered an appeal from the decision of the Second Board of Appeal invalidating the EU trademark registration for the figurative sign NEHERA (depicted below), registered for various goods and services in Classes 18, 24, and 25, including leather goods, travelling bags, clothing, footwear, and headgear.



In 2019, the interveners, Ms. Isabel Nehera, Mr. Jean-Henri Nehera, and Ms. Natacha Sehnal, filed an application for a declaration of invalidity against that mark, pursuant to Article 59(1)(b) of 2017 EUTM Regulation. The interveners claimed that the applicant, Mr. Ladislav Zdút, was acting in bad faith when he filed the application for the contested mark. The interveners stated that in Czechoslovakia in the 1930s, their grandfather, Mr. Jan Nehera, had established a business marketing clothing and accessories and had filed and used a national mark identical to the contested mark. The national Czechoslovakian mark was registered in 1936 but lapsed in 1946. It was established during the proceedings that Mr. Nehera’s business was quite successful in Czechoslovakia and abroad, and at one point had more than 130 retail outlets in Europe, the United States, and Africa. On January 1, 1946, the business was nationalized and its ownership was transferred to the Czechoslovak state. Nehera then continued its activity under a new business name that no longer referred to its founder’s surname. In turn, the applicant is a Slovak businessman with no family ties with Jan Nehera. Before registering the EUTM in 2014, he had registered a Czech trademark identical to Jan Nehera’s mark and the contested mark in 2006, but the registration expired in 2016. In 2014, he began to market the contested mark in relation to women’s clothing.

In April 2020, the EUIPO Cancellation Division dismissed the application for invalidity on the ground that the owner’s bad faith had not been established. The interveners appealed. In March 2021, the Second Board of Appeal upheld the interveners’ appeal, annulled the decision of the Cancellation Division and declared the contested mark invalid. The Board held that Ladislav Zdút was acting in bad faith when he applied for the contested mark, because

⁵⁴ Case T-250/21 (GC, July 6, 2022).

his intention was to take unfair advantage of the reputation of Jan Nehera and his identical Czechoslovak trademark, which retained a certain surviving reputation. Ladislav Zdút appealed the Board's decision before the General Court.

On appeal, the General Court upheld the appeal filed by Ladislav Zdút and annulled the decision of the Board of Appeal. According to the Court, the Board erred in finding that the owner intended to take unfair advantage of the reputation of Jan Nehera and the former Czechoslovak trademark and in finding that he was acting in bad faith. Recalling previous case law, in particular *Koton*⁵⁵ and *Skykick*,⁵⁶ the Court first explained that bad faith arises where it is apparent from relevant and consistent indicia that the mark's owner has filed the application not with the aim of engaging fairly in competition but with the intention of either: (i) undermining, in a manner inconsistent with honest practices, the interests of third parties; or (ii) obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark. The Court noted that the burden of proof to demonstrate bad faith rests on the invalidity applicant and that the good faith of the trademark applicant is presumed until proven otherwise.

In assessing bad faith, the Court first noted that on the date of the filing of the contested trademark, neither the former Czechoslovak trademark nor Mr. Jan Nehera's name was protected, used by a third party to market clothing, nor were well known among the relevant public. Referring to *Iron & Smith kft v. Unilever NV*,⁵⁷ the Court pointed out that free-riding on the reputation of a sign or a name is possible only if such sign or name actually and currently enjoys a certain reputation. In the Court's view, the evidence filed by the invalidity applicants failed to demonstrate that Jan Nehera's Czechoslovak mark had retained a surviving reputation and that the name was still famous when the contested mark was filed.

The Court further held that although the applicant established a link between his Nehera business and the former Czechoslovak trademark by stating that his business "revived" and "resurrected" the old Nehera brand, the existence of this link could not be sufficient on its own to support a finding of unfair advantage of the reputation of the older identical name. The Court found that Ladislav Zdút did not exploit in a parasitic way the past reputation of the former Nehera brand, which was in all practical respects

⁵⁵ *Koton Mağazacılık Tekstil Sanayi ve Ticaret v. EUIPO*, Case C-104/18 P (CJEU, September 12, 2019).

⁵⁶ *Sky PLC and Others v. Skykick UK Ltd. and Skykick Inc.*, Case C-371/1 (CJEU, January 29, 2020) (EU:C:2020:45). For commentary on this case, see Tom Scourfield, *Annual Review of EU Trademark Law: 2019 in Review*, 110 TMR, 539-542 (2020).

⁵⁷ Case C-125/14 (CJEU, September 3, 2015).

completely forgotten by relevant consumers when the EUTM was filed in 2013. In turn, the owner made his own commercial efforts in order to revive the image of the former Czechoslovak trademark and, thus, at his own expense, to restore that reputation. In those circumstances, the mere fact of having referred to the historic image of Jan Nehera and of the former Czechoslovak trademark for the purpose of promoting the contested mark, did not appear to be contrary to honest practices in industrial or commercial matters.

The Court pointed out that it was not established, nor even alleged, that Ladislav Zdút claimed a family tie with Jan Nehera or that he presented himself as the heir and the legal successor of Jan Nehera or his business. By stating that he had revived and resurrected a mark that flourished in the 1930s, the applicant suggested that there had been an interruption and, therefore, a lack of continuity between Jan Nehera's activity and his own. Therefore, it did not appear that the applicant deliberately sought to establish a false impression of continuity or inheritance between his business activities and those of Jan Nehera. The Court also noted that it did not appear that, in applying for registration of the contested mark, the applicant intended to defraud the descendants and heirs of Jan Nehera or to usurp their alleged rights. In any event, since the former Czechoslovak trademark and Jan Nehera's name no longer benefited from any legal protection in favor of a third party at the date the EUTM was filed, the descendants and heirs of Jan Nehera did not hold any rights capable of being defrauded or usurped.

The Court also pointed out that the applicant could not be held responsible for the nationalization of Jan Nehera's business in 1946, nor the lack of protection and use of the former Czechoslovak trademark for almost seven decades. The fact that Jan Nehera was unlawfully or unfairly deprived of his assets by another party was not enough to establish bad faith on the part of the applicant. Finally, the Court stressed that the concept of bad faith presupposes the presence of a dishonest state of mind or intention. In the present case, however, it was not established that the applicant was driven by a dishonest state of mind or intention when he filed the EUTM. Accordingly, the Court found that the Board of Appeal erred in finding that the applicant intended to take unfair advantage of the reputation of Mr. Jan Nehera and of the former Czechoslovak trademark and in finding that he was acting in bad faith when filing the application for registration of the contested mark.

4. Spain—EU Trademark Courts of Spain—How do the concepts of bad faith and acquiescence interrelate?

*Julian Becerro E Hijos S.L. v. Jamones Andres Becerro E Hijos S.L.*⁵⁸ represents the first instalment of a conflict between two Spanish ham producers, originating from the same family and region in Spain, involved in a long-running trademark dispute over the family name “BECERRO” in connection with Iberian Spanish ham from the PDO Guijuelo (Salamanca).

The defendant (and counterclaim plaintiff) is the company Jamones Andres Becerro E Hijos S.L., owner of a Spanish trademark for the mark “ANDRES BECERRO E HIJOS ANBEHI” filed on December 21, 2004, in respect of Class 29 (which later lapsed in 2015 for non-renewal), used in Spain beginning in 1997:



The plaintiff (and counterclaim defendant) is the company Julian Becerro E Hijos S.L., owner, among others, of a Spanish trademark JAMONES JJB JULIAN BECERRO JAMONES Y EMBUTIDOS in Class 29, filed in 2007, which remained in use, registered and in force:



JAMONES Y EMBUTIDOS

JULIÁN BECERRO

⁵⁸ EU Trademark Court of Spain No. 2 Judgment 128/2022 of September 27, 2022, in Case 135/2019 (JULIAN BECERRO E. HIJOS S.L. v. JAMONES ANDRES BECERRO E. HIJOS S.L.).

Jamones Andres Becerro E Hijos S.L elected not to renew the Spanish trademark ANDRES BECERRO E HIJOS ANBEHI (Class 29). After that mark was declared lapsed due to non-renewal, Julian Becerro E Hijos S.L. filed Spanish trademark applications for the marks BECERRO E HIJOS and BECERRO, registered by the Spanish PTO in 2016. It also filed and registered an EU Trademark, as depicted below:



In 2017, Jamones Andres Becerro E Hijos S.L. refiled the trademark that had lapsed. The new application (Spanish Trademark Application No. 3646551) was opposed by Julian Becerro E Hijos S.L. and was rejected following a final decision of the Spanish PTO Board of Appeals dated March 12, 2018.

Following that decision, Julian Becerro sent a cease-and-desist letter requesting the immediate cessation of use of the trademark ANDRES BECERRO and any others containing the term “BECERRO.” Jamones Andres Becerro rejected the cease-and-desist letter and Julian Becerro filed a trademark infringement action before the EU Trademark Court of Spain.

The plaintiff requested that Jamones Andres Becerro cease use of the sign “ANDRÉS BECERRO E HIJOS” to identify goods in Class 29 (meat products derived from pork, in particular hams), to withdraw from the market all goods labelled with the infringing sign, and to compensate the plaintiff for damages from the date the cease-and-desist letter had been sent.

The defendant counterclaimed, requesting the invalidity of the Spanish trademark applications for “BECERRO E HIJOS” and “BECERRO,” which he claimed had been filed in bad faith with the only purpose of obstructing a competitor, as the claimant had never used “BECERRO” or “BECERRO E HIJOS” alone but always in connection with the name “JULIAN.” It also argued acquiescence and the statute of limitations, following the past co-existence of the trademarks for more than ten years prior to 2015, when the old trademark of ANDRES BECERRO had lapsed.

The EU Trademark Court No. 2⁵⁹ of Spain upheld the counterclaim and invalidated the Spanish Trademarks BECERRO E HIJOS and BECERRO on the grounds of bad faith. The Court referred to the CJEU's decisions in *Lindt*⁶⁰ and *Koton*⁶¹ and found that, given the knowledge of the signs used by the competitor since the 1990s, the family ties, together with the lack of use of the registered signs BECERRO and BECERRO E HIJOS, the registration of the two contested signs was sought with the exclusive purpose of excluding a competitor from the market. The aim of the applications was not to use them as an indication of origin, but to exclude a direct competitor from the market by monopolizing a family surname.

By contrast, the infringement action was upheld on the basis of the EUTM for “JJB JAMONES JULIAN BECERRO” as the Court considered this mark to be confusingly similar to the trademark ANDRES BECERRO. The Court rejected the acquiescence claim, since acquiescence requires the existence of a registered trademark and Jamones Andres Becerro had let its trademark lapse. The Court referred to the maxim *Vigilantibus non dormientibus iura succurrunt* (the law assists those who are vigilant with their rights rather than those who are not). In addition, the infringement action was based upon an EUTM registered in 2016 and since less than five years had elapsed when the infringement action was issued, there could be no acquiescence with respect to that mark. There was also no statute of limitations that applied, since each new product offered for sale would create a new act of infringement, and a new five-year term for limitation purposes. The argument of past coexistence also failed because the Court considered that past coexistence was with the old trademark of JULIAN BECERRO and not with the one filed in 2016 as an EUTM.

Consequently, the Court ordered Jamones Andres Becerro to cease use of the trademark ANDRES BECERRO E HJOS, to withdraw from the market all products labelled with the infringing sign, and to compensate Julian Becerro with payment of 1% of its turnover as from the moment Jamones Andres Becerro received the cease-and-desist letter in 2018. The judgment has been appealed. The dispute is ongoing at the EUIPO, where Jamones Andres Becerro recently filed EU Trademark Application No. 018784619.

⁵⁹ EU Trademark Court of Spain No. 2 Judgment 128/2022 of September 27, 2022, in Case 135/2019 (Julian Becerro E Hijos S.L. v. Jamones Andres Becerro E Hijos S.L.).

⁶⁰ CJEU judgment of June 11, 2009, in Case C-529/07 (Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH).

⁶¹ CJEU judgment of September 12, 2019, in Case C-104/18 P (Koton Magazacilik Tekstil Sanayi ve Ticaret v. EUIPO).

5. Sweden—Swedish Patent and Market Court of Appeal—What relevance do contractual terms have in the assessment of bad faith?

In *B.K. v. R.J.*,⁶² the Swedish Patent and Market Court of Appeal considered whether a Swedish trademark registration should be revoked for bad faith. This decision was the first time that the Swedish Trademark Act's new provision⁶³ for bad faith as an *absolute* ground for refusal was applied.

By way of background, the applicant filed a trademark application for the mark ERGE SMART SPORT, covering sports articles within Class 28. The trademark was registered by the Swedish Intellectual Property Office. Following registration, a third party (hereafter “the plaintiff”) applied for administrative revocation of the trademark on the ground that the trademark had been filed in bad faith. The applicant contested the application for revocation and requested that the matter be referred to the Swedish Patent and Market Court (Sweden's court of first instance).

At the time of the Court's decision, bad faith claims were dealt with as a *relative* ground for refusal under Swedish law. Previously, a trademark could not be registered if there was a risk of a likelihood of confusion between the mark applied for and an earlier trademark used by a third party if the applicant was acting in bad faith at the time of the application. Consequently, the establishment of a likelihood of confusion between two marks was a requirement for bad faith.

However, when the Court of Appeal handed down its decision, the new Swedish provision on bad faith as an *absolute* ground for refusal had entered into force. The new provision in the Swedish Trademark Act provides that a trademark cannot be registered if the application was filed in bad faith. As such, the bad faith test has been given a more general application, consistent with its corresponding rule in the 2015 EU Trademark Directive,⁶⁴ so a risk of a likelihood of confusion is no longer necessary to establish bad faith.

On the facts, the plaintiff claimed that its trademark ERGE was protected for sports articles through extensive use in Sweden.⁶⁵ The plaintiff claimed that the applicant was aware of their use of the non-registered trademark ERGE when filing its trademark application for ERGE SMART SPORT, and as such, had acted in

⁶² Case PMT 9019-21 (Swedish Patent and Market Court of Appeal, November 21, 2022).

⁶³ Swedish: “Varumärkeslag (2010:1877).”

⁶⁴ See Article 4.2 in Directive (EU) 2015/2436 of the European Parliament and of the Council of December 16, 2015, to approximate the laws of the Member States relating to trademarks.

⁶⁵ According to Chapter 1, Article 7 of the Swedish Trademark Act, trademark protection can be acquired through use in Sweden under certain conditions.

bad faith. The applicant admitted that he knew about the plaintiff's use of the mark ERGE in Sweden, but did not act in bad faith, as the trademark application had been filed in the context of a contractual relationship between the parties in order for the applicant to secure his right to payment within the agreement.

In its decision, the Court noted that the term "bad faith" has not been defined in the EU law, but the CJEU has concluded that "bad faith" is an independent term that should be interpreted uniformly.⁶⁶ Whether a trademark applicant has been acting in bad faith should be subject to an overall assessment, taking into account all the relevant factors in the particular case. Among other things, consideration should be given to the following⁶⁷:

- The fact that the applicant has known that a third party is using a similar trademark.
- The applicant's intention when filing the application for registration. This is a subjective factor that must be determined by reference to the objective circumstances of the particular case.

In addition to the above, the applicant's intention to prevent a third party from marketing and selling a product could serve as an indication of bad faith. Further facts that could be taken into account are, for example, the chronology of events, the degree of legal protection enjoyed by the third party's trademark, and the commercial logic underlying the filing of a trademark application.⁶⁸

Based on the earlier Swedish provision on bad faith as a relative ground for refusal, the Court concluded that the applicant had *not* acted in bad faith when filing the trademark application for ERGE SMART SPORT. The parties were in agreement regarding the existence of a likelihood of confusion and agreed the applicant had knowledge of the plaintiff's use of the mark ERGE in Sweden at the time of the filing of the application. However, according to the Court's assessment, the plaintiff had not proved that the applicant had an improper intention when filing the application.

The decision of the court of first instance was appealed by the plaintiff. The Patent and Market Court of Appeal, however, reached the same conclusion as the first instance court, this time applying the new provision on bad faith as an absolute ground for refusal. In relation to the term "bad faith," the Court of Appeal agreed with the reasoning of the court of first instance, citing the CJEU guidance in *Koton*⁶⁹ that bad faith as a ground for refusal applies when it is apparent from relevant and consistent indicia that the applicant has

⁶⁶ See CJEU judgment in Case C-320/12, *Malaysia Dairy Industries*, paras. 25-29.

⁶⁷ See the CJEU judgment in Case C-529/07, *Lindt & Sprüngli*, paras. 37-43.

⁶⁸ See the GC judgment in Case T-327/12, *Simca Europé Ltd.*, para. 40.

⁶⁹ See the CJEU judgment in Case C-104/18, *Koton*, para. 46.

not filed the trademark application with the aim of fairly engaging in competition, but with the intention of:

1. undermining, in a manner inconsistent with honest practices, the interests of third parties; or
2. obtaining, without necessarily targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark, in particular the essential function of indicating origin.

The Court of Appeal found that the plaintiff had not shown that the applicant had an improper intention with the trademark application or was otherwise acting in bad faith at the time of filing since the application had been filed in the context of an existing contractual relationship between the parties, with the intention to secure the applicant's right to payment.

A decisive factor for the outcome was whether the applicant was justified in taking the view that he was entitled to apply for registration of the trademark ERGE SMART SPORT on the basis of the contractual agreement between the parties. It was not disputed that the applicant had lent money to the plaintiff. A condition of the promissory note between the parties was that the applicant had the right to apply for registration of the trademark if the loan was not repaid within a specified period. The plaintiff ultimately did not comply with the repayment schedule. Under these circumstances, applying for the trademark could not be considered automatically unfair or in bad faith, as it was open to the applicant to interpret that he was entitled to do so according to the parties' agreement. In this case, where there was also a contractual provision to consider that set out an entitlement to file in certain circumstances, the plaintiff failed to show bad faith on the part of the applicant.

6. Spain—Appeal Court of Madrid—Was a trademark filed with an intention to block a third-party use of a similar mark and hence in bad faith?

The Korean company D&D Dream Corporation (“Dream”) is the owner of a computer game called “HEAD SOCCER,” first launched in 2012 and having more than 100 million downloads on the Google Play and Apple App Store. The best-known cover of the game is set out below:



On October 20, 2017, Dream filed Korean Trademark Application No. 4020170132719 and, on December 5, 2017, International Trademark Registration No. 1393825 for the mark HEAD SOCCER designating the EU to cover “downloadable mobile game software; computer game software for use on mobile and cellular phones” (Class 9):



On April 24, 2018, La Liga Nacional De Futbol Profesional (“La Liga”) filed an opposition against Dream’s EU designation of HEAD SOCCER. The opposition was based on a Spanish trademark LA LIGA HEAD SOCCER, reproduced below, filed on October 9, 2017, and registered on May 25, 2018, in respect of, among other goods, “computer game software for use on mobile and cellular phones”:



On July 8, 2019, Dream sued La Liga, seeking to invalidate the Spanish mark on the grounds of likelihood of confusion and bad faith.

The Commercial Court No. 13 of Madrid originally rejected⁷⁰ the claim. The Court considered that the evidence filed by the claimant of more than 100 million downloads of the game *worldwide* was insufficient to uphold a claim of reputation in Spain, and even less at the time the trademark application had been filed in 2017. The Court also considered that the words “HEAD SOCCER” were descriptive in connection with soccer computer games, so the different overall comparison of the marks was sufficient to negate any likelihood of confusion.

⁷⁰ Judgment of the Commercial Court No. 13 of Madrid, of September 18, 2020, Case No. 1251/2019.

The case was appealed by Dream. On May 20, 2022, the Court of Appeal overturned⁷¹ the first instance decision. While it agreed that the documents filed were insufficient to prove reputation in Spain, it upheld the claim of bad faith.

Recalling previous CJEU case law in cases such as *Koton*⁷² and *Lindt*,⁷³ the Court explained that bad faith arises where it is apparent from “relevant and consistent indicia” that the mark’s owner has filed the application not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties. It also referred to paragraph 39 of the *Lindt* judgment, where the CJEU had stated that there is a presumption of knowledge by the applicant of the use by a third party of an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought if, from general knowledge in the economic sector concerned with such use, that knowledge can be inferred, inter alia, from the duration of such use.

Accordingly, the Appeal Court of Madrid held that it was not credible that La Liga was unaware of the HEAD SOCCER game, especially since it is a football video game, and this is an activity in which La Liga is engaged. The Court felt that the coincidence in the terms “HEAD SOCCER” could not merely be the result of chance.

The Appeal Court also considered it highly relevant that La Liga had filed an opposition against the EU designation of Dream’s trademark HEAD SOCCER. By filing the opposition, La Liga had shown that they intended to seek exclusive rights in respect of the elements “HEAD SOCCER,” which they considered distinctive, and were trying to prevent registration of the mark by the Korean company. Since the decision was final as a matter of procedure, La Liga’s Spanish trademark LA LIGA HEAD SOCCER was declared invalid, and the EU designation of the International Trademark Registration for⁷⁴ HEAD SOCCER was registered.

V. USE OF A TRADEMARK

A. *Introductory Comments*

The following Part V includes cases with a common theme where the central questions to be considered relate to “use of a trademark.” Questions of use of a trademark arise in a wide variety of ways in

⁷¹ Judgment No. 375/2022 of the Appeal Court of Madrid (Section 28) of May 20, 20221 (Appeal 1046/2020).

⁷² *Koton Mağazacılık Tekstil Sanayi ve Ticaret v. EUIPO*, Case C-104/18 P (CJEU, September 12, 2019).

⁷³ *Chocoladefabriken Lindt & Sprüngli*, Case C-529/07 (CJEU, June 11, 2009).

⁷⁴ Judgment No. 375/2022 of the Appeal Court of Madrid (Section 28) of May 20, 2022 (Appeal 1046/2020).

European trademark law, including *how* a mark is used (such as the manner, form, genuine nature and intention of use), *when* (duration of use) and *where* (territory of use) in relation to *what* goods and services (as against a mark's specification), as well as *how* such use is perceived by the average consumer and the consequences arising from such perception.

Neither the 2015 TM Directive nor the 2017 EUTM Regulation requires that a trademark should be in use *before* the mark may be registered. There is also no requirement for an applicant to indicate the particular use it will, or intends to, make of the mark applied for, or even to know precisely what such use might be, since the applicant has a period of five years to commence the actual use, provided such use is consistent with the essential function of a trademark. Similarly, there is no formal requirement that the trademark owner should prove ongoing (or indeed any) use of the trademark upon the administrative act of renewal of the registration, or at any other periodic interval. Nevertheless, the EU trademark 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. This concept of use also applies in other (non-EU) European territories.

As noted in Part II of this Review, trademarks that may initially lack distinctiveness, that are descriptive, or that might be considered generic can, in principle, be overcome by persuasive evidence that the trademark has acquired distinctiveness among the relevant class of consumers through the use made of it (Article 7(3) of the 2017 EUTM Regulation and Articles 4(4) and 4(5) of the 2015 TM Directive).

Aside from acquired distinctive character, the question of whether 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 the basis of an "earlier right" used to challenge a third party's trademark application or registration. In this 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. In all respects, this is to ensure that only a valid (and used) prior right may be invoked against a third party.

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. The parallel provisions in relation to

the trademark registrations on the registers of EU Member States are set out in 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 and Articles 17, 44, and 46 of the 2015 TM Directive.

The question as to where use has taken place was considered by the General Court in relation to hotels and related services in *Standard International Management LLC v. EUIPO*, in which the GC considered the question as to whether marks relating to hotels based *only* in the United States could be in genuine use as EUTMs to advertise and promote such services. The GC drew a helpful distinction between where services are provided and where a mark itself is used: only the latter being relevant to the assessment of genuine use. In respect of complex marks, the General Court in *The Bazooka Companies v. EUIPO—Bilkiewicz* and the Polish courts in *zott Monte* both considered the extent to which text, figurative, or decorative additions to marks in use amounted to use in a materially different form from that registered. The GC helpfully emphasized that it is impossible (or at least impracticable) to sell goods solely without any label, graphic, and word elements affixed to the product so the requirement should not be too strict. In other cases, the GC considered “internal” use of a mark in *BALLON D’OR*, the Danish courts considered use-based trademark rights, the Swiss courts on the use requirements in the so-called “export” exception and the UKIPO on a (perhaps surprisingly) strict evidential requirement of use in the UK territory to demonstrate reputation in the WONDER WOMAN trademark. Finally, and perhaps most interestingly, the Italian courts considered the absence of trademark use in “de-branding,” and the commercial and legal consequences arising from a popular music video edit that removed a clothing label from one of the performer’s outfits, depriving the proprietor of the promotion and exposure from that video’s distribution.

B. Legal Texts

Article 7 of the 2017 EUTM Regulation

Absolute grounds for refusal

1. The following shall not be registered:
 - (a) . . .
 - (b) trade marks which are devoid of any distinctive character;
 - (c) trade marks 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) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices 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 trade mark 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.* (*Emphasis added.*)

Article 4 of the 2015 TM Directive

Absolute grounds for refusal or invalidity

- 1. The following shall not be registered:
 - (a) ...
 - (b) trade marks which are devoid of any distinctive character;
 - (c) trade marks 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) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;

...
- 2. A trade mark shall not be refused registration in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration, *following the use which has been made of it, it has acquired a distinctive character.* A trade mark shall not be declared invalid for the same reasons if, before the date of application for a declaration of invalidity, *following the use which has been made of it, it has acquired a distinctive character.* (*Emphasis added.*)

3. Any Member State may provide that paragraph 4 is also to apply where the distinctive character was acquired after the date of application for registration but before the date of registration.

Article 16 of the 2015 TM Directive

1. If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trade mark 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 a continuous five-year period, the trade mark shall be subject to the limits and sanctions provided for in Article 17, Article 19(1), Article 44(1) and (2), and Article 46(3) and (4), unless there are proper reasons for non-use.
2. Where a Member State provides for opposition proceedings following registration, the five-year period referred to in paragraph 1 shall be calculated from the date when the mark can no longer be opposed or, in the event that an opposition has been lodged, from the date when a decision terminating the opposition proceedings became final or the opposition was withdrawn.
3. With regard to trade marks registered under international arrangements and having effect in the Member State, the five-year period referred to in paragraph 1 shall be calculated from the date when the mark can no longer be rejected or opposed. Where an opposition has been lodged or when an objection on absolute or relative grounds has been notified, the period shall be calculated from the date when a decision terminating the opposition proceedings or a ruling on absolute or relative grounds for refusal became final or the opposition was withdrawn.
4. The date of commencement of the five-year period, as referred to in paragraphs 1 and 2, shall be entered in the register.
5. The following shall also constitute use within the meaning of paragraph 1:
 - (a) use of the trade mark 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 trade mark in the form as used is also registered in the name of the proprietor;

- (b) affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes.
- 6. use of the trade mark with the consent of the proprietor shall be deemed to constitute use by the proprietor.

Article 17 of the 2015 TM Directive

The proprietor of a trade mark shall be entitled to prohibit the use of a sign only to the extent that the proprietor's rights are not liable to be revoked pursuant to Article 19 at the time the infringement action is brought. If the defendant so requests, the proprietor of the trade mark shall furnish proof that, during the five-year period preceding the date of bringing the action, the trade mark has been put to genuine use as provided in Article 16 in connection with the goods or services in respect of which it is registered and which are cited as justification for the action, or that there are proper reasons for non-use, provided that the registration procedure of the trade mark has at the date of bringing the action been completed for not less than five years.

Article 19 of the 2015 TM Directive

1. A trade mark shall be liable to revocation if, within a continuous five-year period, 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.
2. No person may claim that the proprietor's rights in a trade mark 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 trade mark has been started or resumed.
3. The commencement or resumption of use within the three-month period preceding the filing of the application for revocation which began at the earliest on expiry of the continuous five-year period 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 44 of the 2015 TM Directive

1. In opposition proceedings pursuant to Article 43, where at the filing date or date of priority of the later trade mark, the five-year period within which the earlier trade mark must have been put to genuine use as provided for

in Article 16 had expired, at the request of the applicant, the proprietor of the earlier trade mark who has given notice of opposition shall furnish proof that the earlier trade mark has been put to genuine use as provided for in Article 16 during the five-year period preceding the filing date or date of priority of the later trade mark, or that proper reasons for non-use existed. In the absence of proof to this effect, the opposition shall be rejected.

2. If the earlier trade mark has been used in relation to only part of the goods or services for which it is registered, it shall, for the purpose of the examination of the opposition as provided for in paragraph 1, be deemed to be registered in respect of that part of the goods or services only.
3. Paragraphs 1 and 2 of this Article shall also apply where the earlier trade mark is an EU trade mark. In such a case, the genuine use of the EU trade mark shall be determined in accordance with Article 15 of Regulation (EC) No 207/2009.

Article 46 of the 2015 TM Directive

1. In proceedings for a declaration of invalidity based on a registered trade mark with an earlier filing date or priority date, if the proprietor of the later trade mark so requests, the proprietor of the earlier trade mark shall furnish proof that, during the five-year period preceding the date of the application for a declaration of invalidity, the earlier trade mark has been put to genuine use, as provided for in Article 16, in connection with the goods or services in respect of which it is registered and which are cited as justification for the application, or that there are proper reasons for nonuse, provided that the registration process of the earlier trade mark has at the date of the application for a declaration of invalidity been completed for not less than five years.
2. Where, at the filing date or date of priority of the later trade mark, the five-year period within which the earlier trade mark was to have been put to genuine use, as provided for in Article 16, had expired, the proprietor of the earlier trade mark shall, in addition to the proof required under paragraph 1 of this Article, furnish proof that the trade mark was put to genuine use during the five-year period preceding the filing date of priority, or that proper reasons for non-use existed.

3. In the absence of the proof referred to in paragraphs 1 and 2, an application for a declaration of invalidity on the basis of an earlier trade mark shall be rejected.
4. If the earlier trade mark has been used in accordance with Article 16 in relation to only 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.
5. Paragraphs 1 to 4 of this Article shall also apply where the earlier trade mark is an EU trade mark. In such a case, genuine use of the EU trade mark shall be determined in accordance with Article 15 of Regulation (EC) No 207/2009.

Article 18 of the 2017 EUTM Regulation

1. If within a period of five years following registration, the proprietor has not put the EU trade mark 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 trade mark 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 trade mark 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 trade mark to goods or to the packaging thereof in the EU solely for export purposes.
2. Use of the EU trade mark 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 trade mark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the EU trade mark application, the earlier EU trade mark 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 trade mark 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 trade mark 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 trade mark so requests, the proprietor of an earlier EU trade mark, 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 trade mark 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 trade mark cites as justification for his application, or that there are proper reasons for non-use, provided that the earlier EU trade mark has at that date been registered for not less than five years. If, at the date on which the EU trade mark application was filed or at the priority date of the EU trade mark application, the earlier EU trade mark had been registered for not less than five years, the proprietor of the earlier EU trade mark 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 trade mark 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 trade mark 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 trade mark 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 trade mark 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 trade mark 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 trade marks . . . by substituting use in the Member State in which the earlier national trade mark is protected for use in the [Union].

Article 58 of the 2017 EUTM Regulation

1. The rights of the proprietor of the EU trade mark 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 trade mark 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 trade mark 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 trade mark 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 124,⁷⁵ a plea relating to revocation of the EU trade mark submitted otherwise than by way of a counterclaim shall be admissible where the defendant claims that the EU trade mark could be revoked for lack of genuine use at the time the infringement action was brought.

C. Cases

1. EU—GC—Is targeted advertising sufficient to establish genuine use, even where the goods or services advertised are provided outside of the EU?

In *Standard International Management LLC v. EUIPO*,⁷⁶ the General Court considered an appeal from a decision of the Fifth Board of Appeal⁷⁷ upholding the non-use revocation of an EUTM registration for the figurative mark THE STANDARD in relation to goods and services in Classes 18, 25, 38, 39, 41, 43, and 44, including hotel and ancillary services. The Board had upheld the Cancellation Division's revocation of an EUTM on the basis that a large amount of the evidence of use filed by the applicant showed services being provided *outside the EU*, despite the applicant's specific targeting of EU consumers in its advertising and promotional activities. In overturning the Board's decision, the General Court drew a distinction between where services are provided and where a mark itself is used: only the latter being relevant to the assessment of genuine use.

The applicant, Standard International Management LLC, was the owner and operator of various hotels across the world, including several hotels in the United States. In 2018, the applicant registered an EUTM for the (upside down) figurative mark below, covering, inter alia, "hotel and ancillary services" under Class 43:

⁷⁵ Namely, infringement actions and actions for compensation in respect of post-publication, pre-registration acts.

⁷⁶ Case T-768/20 (GC, July 13, 2022) (EU:T:2022:458).

⁷⁷ Case R-828/2020-5 (Board of Appeal, November 27, 2020).



Following an application for revocation of the mark by a third party, the Cancellation Division revoked it for lack of genuine use in 2020. The applicant appealed to the Board of Appeal, which dismissed the appeal. In demonstrating genuine use of the mark in the EU, the applicant filed a variety of evidence. This included advertisements and promotional campaigns aimed at EU consumers, reservations made directly by, and invoices addressed to, EU consumers, among other evidence of use. The Board found that such evidence was insufficient. It held that as the evidence of use of the EUTM for “hotel and ancillary services” related to services actually provided *outside the EU*, that evidence was irrelevant to the assessment of use of the mark *in the EU*. The geographical origin, or nationality, of the applicant’s customers was irrelevant, as were the advertisements and offers for service targeted at EU consumers. Consequently, the Board ruled that the Cancellation Division had correctly excluded this evidence and upheld the revocation of the mark.

The applicant appealed to the General Court. It alleged that the Board had erred in finding that advertisements and offers for sale targeted at EU consumers did not constitute relevant evidence for establishing genuine use of the mark in the EU and for finding that use of the mark had taken place outside of the EU. It also argued that the Board had confused the location of provision of services with that of use of the mark.

The General Court annulled the Board of Appeal’s decision. First, the Court found that the Board was wrong to hold that the mark could not have been used in the EU just because the services covered by it were provided outside the EU. The Court stated that the Board of Appeal erred in not distinguishing between the place of provision of these services and the place of use of the mark. Only the latter is relevant to examination of the genuine use of an EU trademark. The Court clarified that the mere fact that services at issue are provided outside of the EU territory does not mean that use of contested mark seeking to promote and to offer for sale such services is necessarily taking place outside that territory.

Referring to *Pandalis v. EUIPO*,⁷⁸ the Court stressed that there is genuine use of a trademark where that mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods and services, in order to create or preserve an outlet for them. As a result, even if the applicant was supplying

⁷⁸ Case C-194/17 P (CJEU, January 31, 2019) (EU:C:2019:80).

goods or services outside the EU, it was conceivable that the applicant would make use of that mark in order to create or preserve an outlet for those goods and services in the EU.

The General Court further noted that such an interpretation is supported by EUIPO Guidelines, as they explicitly provide that holiday accommodation available abroad is an example where “advertising alone may be sufficient to amount to genuine use.”

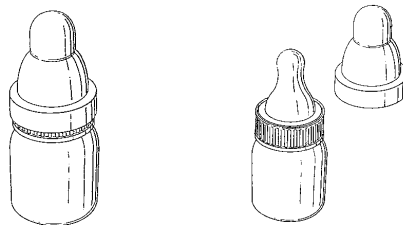
The Court agreed with the applicant that advertising and offering for sale are acts that an EUTM proprietor can lawfully prevent a third party from doing with respect to a mark. Consequently, as these acts are relevant in the context of assessing trademark infringement, they are also relevant to establishing genuine use, given that the advertising and offers for hotel services themselves took place in the EU.

Second, the Court disagreed with the Board of Appeal’s assessment that the mark is not registered for advertising, booking, travel agency or sales services, and so the applicant could not rely on evidence of advertisements or to offers for sale. The Court confirmed that advertisements and offers for sale constitute acts of use of a trademark within the meaning of the 2017 EUTM Regulation.

As a result, the Court found that the Board of Appeal had wrongly assessed genuine use of the mark and annulled the contested decision.

2. EU—GC—Does use of a three-dimensional shape mark with additional elements qualify as genuine use of such mark?

In *The Bazooka Companies v. EUIPO—Bilkiewicz*,⁷⁹ the General Court considered an application for non-use revocation of the EUTM registered for a three-dimensional sign in shape of a baby’s bottle (depicted below), registered for various goods in Class 30, including confectionery, candy, and sweets.



In 2018, the intervener, Mr. Trebor Robert Bilkiewicz, filed an application for revocation of the registration on the grounds of non-

⁷⁹ Case T-273/21 (GC, October 26, 2022).

use pursuant to Article 58(1)(a) of the 2017 EUTM Regulation. The Cancellation Division granted the application for revocation for all goods covered by the contested registration, a decision later upheld by the EUIPO Second Board of Appeal.

In its decision, the Board of Appeal first stressed that the distinctive character of the contested mark—consisting of a commonly shaped baby's bottle—was weak and would therefore be easily altered. The Board then stated that the evidence submitted in the proceedings depict the contested mark in a form different from that registered, showing variations in nature, length, or position of certain elements (example of such variations depicted below).



The Board also concluded that the additional word and figurative elements shown in the evidence were not negligible but rather distinctive. Therefore, the Board of Appeal found that the demonstrated use did not qualify as genuine use of the three-dimensional shape mark as registered or as a use in a form that did not alter the distinctive character of the trademark. While acknowledging that several marks could be used genuinely (and concurrently) on one product, the Board of Appeal held that in order to prove genuine use, each of them must be perceived as independent marks. In this case, the shape as registered merged with additional figurative and word elements to form another sign.

On appeal, the applicant claimed that the Board of Appeal had wrongly applied Article 58(1)(a) and Article 18(1)(a) of 2017 EUTM Regulation. In particular, the applicant claimed the baby's bottle shape as used on the market was identical to the shape protected by the contested mark. The applicant also argued that the trademark was highly distinctive, as it designated goods that are entirely unrelated to goods used for feeding milk to babies. The applicant claimed that the contested mark has not merged with the figurative and word elements present on the packaging of the mark as used but, on the contrary, was perceived as an independent sign that has been used in exactly the same shape as that in which it was registered. Finally, the applicant submitted that the registration of shape marks without a specific representation would become pointless if mere addition of word or figurative elements would alter its distinctive character.

Annulling the contested decision, the General Court first found that the form in which the contested trademark is actually used on the market would be perceived by the public as identical to the mark as registered. The Court stressed that the existing differences, especially in the proportions, are “practically impossible” to be perceived by the relevant public with a naked eye.

Regarding the mark’s distinctiveness, the General Court found that the Board of Appeal erred in finding that the contested mark’s distinctive character was weak merely because the mark consisted of a commonly shaped baby’s bottle. The Court stressed that the Board of Appeal failed to take into account the type of goods in respect of which the contested mark was registered. These goods—including confectionery, candy, and sherbet—are entirely unrelated to goods used for feeding milk to babies. Accordingly, it cannot be concluded that the contested mark has a weak distinctive character for the sole reason that it consists of a commonly shaped baby’s bottle. The General Court further stated that the contested mark must be presumed distinctive, because it was registered by the EUIPO. The Court also noted that at the time of its registration, EUIPO considered the contested mark to depart significantly from the norm or customs of the sector concerned.

Finally, the General Court analyzed the impact of the addition of figurative and word elements to the surface of the contested trademark. It noted that since it is possible to acquire trademark protection for a sign consisting purely of a three-dimensional shape, use of the same form must also be capable of ensuring that such protection is preserved. Furthermore, from a commercial and regulatory point of view, it is impossible (or at least impracticable) to sell goods solely in this form, that is, without any label, graphic, and word elements affixed to the product.

Referring to *Klement v. OHMI—Bullerjan (Form of an oven)*,⁸⁰ and the subsequent CJEU judgment in the same matter,⁸¹ the General Court pointed out that a three-dimensional mark can be used in conjunction with a word element without necessarily calling into question the consumer’s perception of the shape as an indication of the commercial origin of the goods. The figurative and word elements affixed to three-dimensional shape mark at hand did not prevent an average consumer from perceiving the mark itself. Although such elements occupied a significant portion of the product’s surface, they still alluded to the baby’s bottle shape and thus the trademark itself. The Court stressed the fact that additional elements may facilitate the determination of the commercial origin of the goods, does not necessarily mean that they must alter the distinctive character of the contested mark.

⁸⁰ Case T-211/14 (GC, October 10, 2017).

⁸¹ Case C-698/17 P (CJEU, January 23, 2019).

Accordingly, the General Court found that the Board of Appeal erred in finding that the contested mark had merged with the additional figurative and word elements to form a different sign. The form which the trademark consisted of continued to be perceived by the relevant public as indicative of the commercial origin of the goods concerned.

3. EU—GC—Does use of an EU trademark for services carried out by the EUTM proprietors for themselves “count” as genuine use of the mark?

In *Les Éditions P. Amaury v. EUIPO—Golden Balls (BALLON D’OR)*,⁸² the General Court considered an appeal from the decision of the Fourth Board of Appeal revoking the EU trademark registration for the word mark BALLON D’OR on the basis of non-use with respect to goods and services in Classes 38 and 41, including “broadcasting of television programmes, entertainment services, production of television programmes and films, organization of competitions and publication of books, magazines and newspapers.”

The applicant, Les Éditions P. Amaury, was the organizer behind the well-known Ballon d’Or award, which celebrates football achievements. The applicant obtained registration for the contested mark in Classes 14, 16, 38, and 41 in 2004. In 2020, following an application for revocation filed by the intervener, Golden Balls Ltd., the EUIPO Cancellation Division revoked the contested mark on the basis of non-use with respect to all relevant goods and services, save for “sporting activities, namely organisation of sports competitions and awarding of trophies” in Class 41. On appeal, the Board of Appeal partially overturned this decision, reversing the revocation for “printed matter; books, magazines” in Class 16. However, it dismissed the applicant’s appeal for the remaining goods and services in Classes 14, 38, and 41. The applicant appealed the Board’s decision with respect to services in Classes 38 and 41.

On appeal, the General Court partly annulled the Board of Appeal’s decision. The Court agreed with the applicant that there was genuine use with respect to entertainment services in Class 41, but not with respect to the other services.

With regard to services in Class 38, namely “broadcasting of television programmes, television broadcasting, satellite transmission, data transmission and cable television broadcasting,” the applicant argued that the Board had erred in its conclusion that since the applicant did not maintain a telecommunications network that could be used by others, there was no genuine use of the contested mark for those services. In reaching its conclusion, the

⁸² Case T-478/21 (GC, July 6, 2022).

Board relied on the “Explanatory Note to Class 38 of the Nice Classification.” The explanatory note also stated that neither “content” to be included in a broadcast, nor the production of radio and television programs, were included in Class 38. The Court agreed with the Board’s assessment, noting that the explanatory note stated that broadcasting services must allow at least one person to communicate with another by a sensory means. The evidence adduced by the applicant did not show that it provided such services. On the contrary, the Court found it was apparent from the evidence submitted by the applicant that it was third-party television broadcasting companies that broadcast the Ballon d’Or event by paying the applicant royalties for the right to do so. This part of the appeal was therefore dismissed.

The appeal regarding services in Class 41 was divided into three complaints. The first related to “entertainment, television entertainment, organisation of competitions (entertainment).” The applicant argued that the Board had erred in finding that an award ceremony does not fall under the definition of “entertainment.” In reaching its decision, the Board relied on the usual meaning of the term “entertainment” in the *Collins Dictionary*: “consist[ing] of performances of plays and films, and activities such as reading and watching television, that give people pleasure.” The General Court agreed with the applicant and stated that it could not be reasonably disputed that the main objective of an award ceremony (like the Ballon d’Or) is entertainment. The Court stressed the event is not limited to the award of trophies as such; in turn, it includes speeches given by football personalities and showing video footage of remarkable sporting moments. The Court confirmed that the object of these was clearly entertainment. The applicant, therefore, succeeded in this part of the appeal, with the Board’s decision being annulled as far as it related to entertainment services.

In its second complaint, concerning the “production of television programmes, production of shows and film production” and the third complaint, concerning “publication of books, magazines and newspapers,” the applicant alleged that the Board had erred in finding that the relevant production and publication services—in order for them to “count” for the purposes of genuine use—must necessarily be provided by the applicant on behalf of others, rather than for itself. The applicant claimed this error in assessment led to the wrong conclusion that no genuine use for those services was found. The applicant argued that its investment in making the television programs and associated financial risk should suffice for establishing genuine use. The Court disagreed, stressing that services consisting of “production of television programmes” are aimed at professionals in the audio-visual sector, writers, and directors of films. The evidence did not show that the applicant offered such services under the contested mark to create and

preserve outlets for the public and outward use of the mark. In turn, the Court found that the Ballon d'Or event was an act of exploitation of the service rendered by the applicant, being the organization of that competition. Consequently, the General Court also rejected this complaint.

Finally, the Court applied the same logic to the “publication of books, magazines and newspapers.” The recipients of these services are authors or agents wanting their work published, which was not the case here—the recipients were the general public who purchased the books, magazines, and newspapers. The Court found that while the evidence submitted by the applicant may have been sufficient to show use of the mark in connection with “books,” “magazines” and “printed matter” in Class 16, it did not show that the applicant offered services consisting in the “publication of books, magazines and newspapers” under the contested mark. Consequently, the Court rejected the applicant’s argument and dismissed the appeal in this respect.

4. Italy—Court of Turin—Is a “de-branded” mark used for the purposes of infringement?

In *BasicNet S.p.A. v. Federation Internationale de Football Association and Sony Music Entertainment*⁸³ the Court of Turin, Italy considered the issue of “de-branding” in a music video produced as part of the soundtrack to the FIFA World Cup 2018 football event.

In 2017, at FIFA’s request, Sony had produced a music video for the official soundtrack of the 2018 World Cup, being the song “Live It Up” by the American singer Nicky Jam. During the video shooting, the singer was wearing a jacket bearing the trademark “K-Way” in large print on the chest. As the singer had refused to take off the jacket during the shooting, the trademark “K-Way” was instead removed electronically afterwards as part of the editing process. As a result, the mark at issue did *not* appear in the music video, as shown in the following screenshot (for the sake of completeness, further below we also show the image of the jacket bearing the trademark; both images are displayed in the Court of Turin’s judgment):

⁸³ Court of Turin, March 11, 2022, No. 1102.

De-branded jacket



Jacket bearing trademark



As may be expected, since the video at issue was aimed at advertising one of the world's most famous sports events, it had a widespread distribution around the world on a variety of platforms and formats.

BasicNet—the owner of several Italian and EU trademark registrations for the sign “K-Way”—sued both Sony and FIFA for trademark infringement and unfair competition before the Court of Turin. In particular, BasicNet asked that the Court of Turin establish that the *removal* of the mark “K-Way” from Nicky Jam's jacket and the subsequent broadcast of the relevant music video with the de-branded jacket amounted to trademark infringement, as well as to an act of unfair competition, seeking, *inter alia*, damages, an account of profits, and an injunction. The plaintiff based its claims on Article 15(2) of the 2017 EU Trademark Regulation and Article 5(2) of the Italian Code of Industrial Property (“ICIP”), whereby the exhaustion of rights “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”; as well as on Article 20(3) ICIP (which has no corresponding EU law provision), whereby the retailer may add its own mark on products it sells, but it *cannot* remove the mark of the manufacturer/supplier of the relevant goods.

The Court of Turin upheld the plaintiff's claims, by pointing out that it was not disputed that Sony

during the post-production stage of the video . . . obscured the “K-Way” logo placed on the jacket which, as confirmed by the image above, is a characteristic feature of the product at issue, also taking into consideration the remarkable size of the same. Thus, it is clear that the use of that product—without the logo—is detrimental to the mark at issue and, in particular, to its reputation and prestige. In this respect, an infringement of Articles 5 ICIP and 13 [now 15 (ed.)] EUTMR mentioned above occurs, given that the plaintiff, which is the owner of the trademarks at issue, had not granted any authorization to said obscuration either expressly or tacitly.

In particular, the Court of Turin deemed the fact that the jacket at issue had not been put on the market (rather being a personal item of the relevant singer donated by the trademark proprietor for promotional use) was irrelevant, concluding that the plaintiff was entitled to prohibit the alteration of the logo of its product to avoid adverse effects to its reputation and commercial value.

the music video had been shot with that very jacket and subsequently distributed with the relevant mark altered on a worldwide basis, given the popularity of the event, with all

the consequent economic benefits, also for the defendants. It is clear, then, that in the present case there was no exhaustion of the trademark since the jacket, although belonging to the singer, was not used for mere pleasure or as part of the physiological introduction into the economic circuit but specifically for the purpose of making a music video conceived to promote an event of worldwide dimension such as the FIFA Russia World Cup 2018. A video that the very defendants produced and distributed.

Finally, the Court of Turin established that the de-branding also amounted to an act of unfair competition, on the basis that the distribution of the video displaying BasicNet's product, altered in a way that affected its distinctive character without consent, was contrary to professional fairness. In light of the above, the Court of Turin enjoined Sony to prevent any further circulation of the contested video "in the version in which the mark K-WAY had been removed from the jacket worn by the singer Nicky Jam" and awarded BasicNet damages of EUR 370,000.

The Court's line of reasoning focused on ruling out the exhaustion of rights in the case at issue, without specifying what the use of the mark would be that would amount to trademark infringement and, more specifically, which one of the hypotheses set forth in Articles 20(1) of the ICIP and 9 of the EUTM Regulation would apply to the case at issue. All those hypotheses require *use in commerce* of the relevant mark, which does not seem to arise on these facts, given the mark at issue had been made invisible to the relevant consumers.

As noted, there is no equivalent EU provision to the Italian rules at Article 20(3) ICIP (corresponding to Article 2572 of the Italian Civil Code) prohibiting mere "de-branding." The CJEU dealt with this issue in the *Portakabin*⁸⁴ case:

where the reseller, without the consent of a trade mark proprietor, removes that trade mark from the goods ("de-branding") and replaces it with a label bearing the reseller's name, with the result that the trade mark of the manufacturer of the goods in question is entirely concealed, the trade mark proprietor is entitled to prevent the reseller from using that mark to advertise that resale. In such a case, damage is caused to the essential function of the trade mark, which is to indicate and guarantee the origin of the goods, and the consumer is prevented from distinguishing the goods originating from the proprietor and those originating from the reseller or other third parties.

⁸⁴ Case C-558/08 (CJEU, July 8, 2010), EU:C:2010:416.

In this decision, the CJEU did not find de-branding in and of itself unlawful but did consider that de-branding would amount to a “legitimate reason” to permit the trademark owner to prohibit the use of the original mark to advertise the de-branded products. In *Mitsubishi*,⁸⁵ the CJEU had also considered the practice of de-branding and subsequent re-branding, carried out while the goods were under the customs warehousing procedure for the introduction of the products in the EEA:

the removal of signs identical to the mark prevents the goods for which that mark is registered from bearing that mark the first time that they are placed on the market in the EEA and, hence, deprives the proprietor of that trade mark of the benefit of the essential right, which is conferred on him . . . to control the initial marketing in the EEA of goods bearing that mark. Secondly, the removal of the signs identical to the mark and the affixing of new signs on the goods with a view to their first placing on the market in the EEA adversely affects the functions of the mark.

In relation to “use in commerce” the CJEU noted:

an operation consisting, on the part of the third party, of removing signs identical to the trade mark in order to affix its own signs, involves active conduct on the part of that third party, which, since it is done with a view to importing those goods into the EEA and marketing them there and is therefore carried out in the exercise of a commercial activity for economic advantage, within the meaning of the case-law recalled in paragraph 39 of this judgment, may be regarded as a use in the course of trade . . . it makes no difference to that conclusion that the removal of the signs identical to the mark and the affixing of new signs took place when the goods were still placed under the customs warehousing procedure, since those operations were carried out for the importing and placing on the market of those goods in the EEA.

The similarities between the CJEU’s ruling in *Mitsubishi* and Italian law are notable, although thus far the CJEU has not had to consider the issue of de-branding after goods had already been placed on the market in the EEA territory.

⁸⁵ Case C-129/17 (CJEU, July 15, 2018), EU:C:2018:594.

5. Denmark—The Danish Maritime and Commercial High Court—What are the requirements to establish use-based trademark rights?

The Danish Maritime and Commercial High Court (“MCC”) considered the question of use of a trademark in a case⁸⁶ filed by Andelcph ApS (“ACPH”) against Andel Holding A/S (“AH”).

The parties and their alleged trademark rights

ACPH was a Danish private limited company founded in 2018 (as a continuation of a limited company that had been using the sign “andel” (word) since 2016), offering consultancy services in the field of communication and graphic design services.

AH was a limited liability company, founded in 2000 and operating in the energy sector, including the supply of gas and electricity, and similar activities. AH was formerly known as SEAS-NVE Holding A/S, but changed the company name to Andel Holding A/S on September 1, 2020, as part of a rebranding strategy following a merger with two other businesses.

On May 18, 2019, AH registered the word ANDEL as a national trademark with the Danish PTO covering, inter alia, “electrical energy” in Class 4, “apparatus for, among other things, conducting and controlling the distribution or use of electricity” in Class 9, “distribution and transportation of energy and electricity” in Class 39 and “production of energy” in Class 40.

On September 4, 2020, ACPH contacted AH requesting them to cease and desist from using the trademark “andel” (word) with reference to AC’s trademark “andel” (word) acquired through use for the services “communication and graphic design.” AH refused.

The matter before MCC

On June 18, 2021, ACPH commenced proceedings against AH before the MCC. ACPH sought (i) a declaration that AH’s registered word mark ANDEL (Danish trademark No. VR 2019 01805) (in Danish also meaning a “share in” or “part ownership”) be revoked, (ii) the transfer of ownership of the domain “andel.dk” to ACPH, (iii) permanent injunction against AH’s use of the trademark “andel” in any of its businesses, and (iv) payment of DKK 250,000 (app. EUR 34,000) for the infringement by AH of ACPH’s rights to “andel.”

All the claims brought by ACPH were based on claimed (unregistered) rights to the trademark “andel” (word) acquired through use for the services “communication and graphic design” pursuant to Section 3(1)(3) of the Danish Trademarks Act.

⁸⁶ No. BS-23449/2021-SHR.

Before the MCC, ACPH's principal argument was that its use of "ANDEL" as its brand name constituted a trademark right acquired through use, by exploitation of the name since 2016 on, *inter alia*, ACPH's website, on invoices and during conferences. ACPH also argued that due to its engagement in public debate as a consultant to building-owners as well as to sustainable urban development projects, "ANDEL" had been established as a strong trademark to the extent that it could enjoin AH's subsequent registration of the same trademark due to similarity of marks as well as the goods and services pursuant to Section 4(2)(2) of the Danish Trademarks Act.

AH argued that ACPH had not registered "andel" as a trademark, and even if it had been registered, the scope of protection would be very limited since the Danish word "andel" was suggestive of the services provided by AH. AH also argued that the parties provided high-value, specialized services within different sectors, negating any risk of confusion for existing or potential customers and rejected ACPH's claim that AH had knowingly taken advantage of ACPH's goodwill as unreasonable and unsubstantiated.

The MCC initially confirmed that a trademark right may be established pursuant to the Danish Trademarks Act by commencement of use if the mark possesses a sufficient degree of distinctiveness; however, when assessing whether a trademark right is established, the evidence of use (including the intensity and nature of the use), the geographical exposure (national or local), and the relevant public are all key factors to be considered. On the facts, purely passive marketing on a company's own website or limited local use will usually not be sufficient.

The MCC considered the wordmark "andel" to have limited distinctive character and, as a result, a significant marketing effort would be required to obtain protection as a trademark by use. ACPH had mainly produced and submitted undated printouts from its website illustrating previously completed projects. A number of these were confidential and not suitable as marketing material. In addition, ACPH had produced and submitted invoices bearing the name "andel," which had been issued before the company was founded.

The MCC found that (i) no information was available with regard to the number of page views on ACPH's website, (ii) no consumer surveys about the knowledge of the word mark "andel" had been presented by ACPH, (iii) no information proving an increase in awareness of "andel" as exploited by ACPH had been presented, and (iv) ACPH had not been able to demonstrate any significant marketing costs pertaining to publicizing the mark.

Based on the above, the MCC found that ACPH had not adduced sufficient evidence to substantiate that a trademark right to "andel" had been established through use pursuant to the Danish Trademarks Act. AH's subsequent registration and use of the

identical word mark ANDEL (for services that are different from those offered by ACPH) could not constitute an infringement of ACPH's rights.

6. Poland—Does use of a figurative mark for a label with additional elements qualify as genuine use of such mark?

In *zott Monte*,⁸⁷ the Supreme Administrative Court considered an application for revocation for non-use of the Poland designated IR figurative mark in the form of a label (depicted below), registered for various food products in Classes 29 and 30, including “desserts consisting of milk and spices with gelatin and/or starch as binders.”



In 2017, the Polish Patent Office (“PPO”) received an application for revocation of the above mark on the grounds of non-use pursuant to Article 169(1)(1) of the 2000 Polish Industrial Property Law⁸⁸ (corresponding to Article 16(1) of the 2015 TM Directive). The PPO granted the application for revocation for all goods covered by the contested registration save for “desserts consisting of milk and spices with gelatin and/or starch as binders” in Class 29, a decision later upheld on by the District Administrative Court.

The revocation applicant appealed the decision to Supreme Administrative Court. Among other arguments, the applicant claimed that the contested mark was not genuinely used on the market in a form in which it was registered. In particular, the applicant stressed that the evidence of use submitted in the course of proceedings showed use of different variations of the mark, none

⁸⁷ Case II GSK 380/19 (Supreme Administrative Court, July 1, 2022).

⁸⁸ According to Article 169(1)(1) of the 2000 Industrial Property Law: “Trademark protection shall also be revoked where a registered mark has not been put to genuine use in connection with the goods in respect of which it is registered during a continuous period of five years after the date the decision granting protection is issued, unless there are proper reasons for non-use; (. . .).”

of which included the device of a blue milk jug with white dots. The applicant also pointed out that the mark as used included various additional elements, such as a chocolate cube or a cartoon character of a dog. The applicant argued that due to these additions and omissions, the contested mark has not been used and registered and thus evidence submitted in the proceedings could serve as a proof of genuine use.

The Supreme Administrative Court dismissed the appeal. The Court ruled that it was correctly established at previous stages of proceedings that the contested mark had been used within the relevant period for “desserts consisting of milk and spices with gelatin and/or starch as binders” in Class 29. Referring to the findings of the PPO and District Administrative Court, the Supreme Administrative Court found that the omission of a blue milk jug and the addition of a chocolate cube did not alter the marks’ distinctive character, as these elements were descriptive of the product’s ingredients and flavor and thus insignificant in the overall impression. The Court further confirmed that the stylized verbal elements of the contested mark alongside the characteristic white and brown spots, were the dominant and most distinctive elements of the contested sign. The addition of a cartoon dog did not alter the overall impression conveyed by the mark as registered. The Court confirmed that the mark had been used on the market in forms that “do not differ substantially” from the mark as registered and thus are not capable of affecting the marks’ distinctive character. The Court concluded that the trademark owner had demonstrated genuine use of the mark within the relevant period.

7. France—Paris Court of Appeal—When is the use of a patronymic trademark misleading so as to result in its cancellation?

In 2011, the Moroccan/French fashion designer Jean-Charles de Castelbajac signed an art direction contract with the company PMJC. Subsequently, in the context of a judicial liquidation, in 2012, PJMC acquired the JEAN-CHARLES DE CASTELBAJAC and JC DE CASTELBAJAC brands.

When the art direction contract between Jean-Charles de Castelbajac and PMJC ended in 2015, a significant conflict emerged between the parties, resulting in a number of litigation proceedings. In particular, PMJC sued Jean-Charles de Castelbajac for trademark infringement and unfair competition on the grounds that he was carrying on a competing activity under the name CASTELBAJAC.

As a counterclaim, Jean-Charles de Castelbajac requested, on the basis of Article L.714-6⁸⁹ of the French Intellectual Property Code, the revocation for deceptiveness of PMJC's French trademark registrations for JC DE CASTELBAJAC and JEAN-CHARLES DE CASTELBAJAC. He alleged that the way PMJC was using these trademarks would lead consumers to believe that the products sold under them had been designed under his artistic direction, which was not the case.

In a decision dated June 26, 2020, the Paris Court of First Instance dismissed both parties' requests. PMJC filed an appeal against this decision.

On October 12, 2022, the Paris Court of Appeal ordered the revocation of PJMC's French trademark registrations JC DE CASTELBAJAC and JEAN-CHARLES DE CASTELBAJAC for women's clothing and cosmetics. In its reasoning, the Court of Appeal first referenced the CJEU's decision in *EMANUEL*⁹⁰ establishing the principle that:

The proprietor of a mark corresponding to the name of the designer and first manufacturer of goods bearing that mark may not, by reason of that particularity alone, be deprived of his rights on the ground that the said mark would mislead the public, within the meaning of Article 12(2)(b) of Directive 89/104.

The Court of Appeal considered, however, that this principle did not prevent the revocation of a trademark registration in circumstances where its owner was using it in a misleading way. Here, there were several factors relating to the use of the trademarks by PJMC that could cause consumers to believe that the goods sold under such trademarks were created under Jean-Charles de Castelbajac's direction.

As a further basis for its decision, the Court also reiterated that trademarks must remain trusted sources of information for the consumer in order to fulfil their function.

The Court also dismissed PMJC's requests for trademark infringement for the commercial use of the designer's surname by Jean-Charles de Castelbajac (in particular, his use of them as a corporate name and domain name), holding that:

- (i) for the corporate name "Castelbajac Creative," in accordance with the agreement concluded with PMJC, Jean-Charles de Castelbajac retained the right to use his surname as a corporate name, the Court noting that this

⁸⁹ Article L. 714-6 of the French Intellectual Property Codes states that: "The owner of a trademark which has become: (. . .) b) likely to mislead, in particular as to the nature, quality or geographical origin of the product or service, shall forfeit his rights."

⁹⁰ Case C-259/04, *Elizabeth Florence Emanuel/Continental Shelf* (CJEU, March 30, 2006).

corporate name was “sufficiently distinct from the prior trademark JC de Castelbajac.”

- (ii) for the domain name “jeancharlesdecastelbajac.com,” it includes the name and surname of “Jean-Charles de Castelbajac,” which could be freely used by the creator as a domain name to present his achievements and services.

8. UK—High Court—Are global sales figures sufficient to establish the reputation of a trademark associated with a well-known fictional character?

In *DC Comics v. Unilever*,⁹¹ the UK High Court upheld a UK Intellectual Property Office (“UKIPO”) decision that DC Comics (“DC”) had failed to establish sufficient reputation and goodwill in its EUTM WONDER WOMAN in relation to the relevant goods and services protected by that mark. DC failed to show that the application by Unilever Global IP Ltd. (“Unilever”) to register the trademark WONDER MUM (the “Contested Mark”) in Class 3 was likely to create a likelihood of confusion with the WONDER WOMAN mark. Because the opposition was made before the end of the Brexit transition period (ending December 31, 2020), and the proceedings were still pending after that date, DC was able to rely on its EUTM in an opposition to a UK trademark application.

DC is one of the oldest and largest American comic book publishers in the world. Among its franchise characters is Wonder Woman, a superhero protagonist well known in popular culture. DC owned the EUTM WONDER WOMAN, registered in respect of goods in Class 3, such as soaps, shampoo, and bath gel. Unilever, a British multinational consumer goods company, had applied to register the Contested Mark in Class 3, predominantly for bath, shower, and hair products. DC’s opposition against the application for the Contested Mark—relying on both likelihood of confusion and reputational grounds—was rejected by the UKIPO. DC appealed this decision to the High Court. As an appeal, rather than a rehearing to establish the relevant facts, the appellate court would only overturn the UKIPO’s decision where there was a distinct, material error of law or principle.

In assessing likelihood of confusion under Section 5(2)(b) of the TMA 1994, the UKIPO had held that the signs had no more than a medium degree of visual and aural similarity, and a low degree of conceptual similarity. Overall, the marks had only a low-to-medium degree of similarity. Although some of the goods were identical, this was insufficient to offset the low level of similarity between the marks. The UKIPO stated that “average consumers will notice the difference between the marks, even in relation to goods entailing no

⁹¹ DC Comics (Partnership) v. Unilever Global IP Ltd. [2022] EWHC 434 (Ch).

more than a normal attention level during purchase.” It concluded that there was no likelihood of confusion; a finding that was upheld by the High Court. The High Court agreed with the UKIPO that the goods would not be directly mistaken for one another, and concurred with its analysis of likelihood of confusion, thereby rejecting the appeal based on likelihood of confusion.

On reputational grounds under Section 5(3) of the TMA 1994, the UKIPO had decided that DC had not adduced sufficient evidence showing that the EUTM WONDER WOMAN had a reputation among a significant proportion of the UK public in relation to the goods and services for which it was registered. For example, in relation to its reputation for comic books, DC’s evidence showed global sales figures of comic books of \$37.4 million. According to the UKIPO, DC’s witness evidence, which asserted that a “notable proportion” of this figure was attributable to the UK, lacked detail, and was insufficient to establish the reputation claimed with respect to comic books. The UKIPO required “specific evidence,” such as UK comic book sales figures. On appeal, the High Court agreed with the UKIPO’s assessment. It emphasized that “generalised statements” from DC, such as that Wonder Woman was “the most famous female comic book hero in the world,” would not discharge the burden of proving reputation with respect to the goods/services registered. As no UK-specific evidence of reputation for comic books was adduced, there could not be a finding of reputation for those goods. That meant that this ground of appeal was also rejected.

As for reputation for entertainment goods and services in Classes 9 and 41, DC filed evidence showing that its well-known 2017 movie *Wonder Woman* grossed £19.5 million in the UK box office. The UKIPO stated that this evidence was inconclusive as to whether WONDER WOMAN was being used as a trademark (i.e., as a badge of origin), as opposed to merely the title of an artistic work. It favored the latter interpretation and held that although WONDER WOMAN would allow the average consumer to distinguish between DC’s movies, it did not act as a badge of origin. As a result, DC had not established a sufficient reputation in the UK for WONDER WOMAN for entertainment goods and services. On appeal, the High Court echoed the UKIPO’s sentiment that although DC had filed a significant amount of evidence, the “evidence was not directed at the relevant question,” being whether WONDER WOMAN had been used by DC in a way that indicated its commercial origin to the relevant public (i.e., had been used as a trademark). The result of this was that a finding of a reputation in the UK could not be sustained by the evidence. As all grounds of the appeal were rejected, the appeal itself was dismissed, and the Contested Mark proceeded to registration in the UK.

9. Switzerland—Swiss Federal Supreme Court— What is required for the genuine use of an export trademark?

In Switzerland, administrative trademark cancellation proceedings for non-use were introduced only in 2017. Before that, parties who wanted to challenge a registered trademark for non-use had to initiate (more) costly proceedings in civil courts. In its first judgment rendered in administrative cancellation proceeding, in *UNIVERSAL GENEVE v. BEAU HLB*, the Swiss Federal Supreme Court also had to consider trademark use in relation to export in its judgment dated November 3, 2022.⁹²

The case related to cancellation proceedings initiated against the trademarks U UNIVERSAL GENEVE (figurative) (Swiss trademark No. 329720) and UNIVERSAL GENEVE (Swiss trademark No. 410354), the former registered in 1984 for “watches of all kinds and parts thereof, jewellery”; the latter registered in 1994 for “watches, watch parts.”

The applicant based its claims for cancellation on the argument that “the use of the trademark for export” within the meaning of Article 11(2) of the Swiss Federal Trademark Act (Trade Mark Protection Act) (“TmPA”),⁹³ which can be considered sufficient use of the trademark under Swiss law, did not apply to the challenged marks, since they had previously been marketed in Switzerland and had thus not been exclusively used for export purposes. The respondent argued that Article 11(2) of the TmPA granted trademark owners that are active in the export market a relief by not requiring them to distribute the branded products in Switzerland. However, this would not prohibit the simultaneous use of the trademark in Switzerland and in export.

In order to maintain the rights to a registered trademark, the owner must actually use it in connection with the claimed goods and services within the territory of Switzerland (Article 11(1) of the TmPA) within a grace period of five years (Article 12 of the TmPA). As stated above, according to Article 11(2) of the TmPA, use for export purposes constitutes (sufficient) use of the trademark. However, that rule still requires use in commerce, albeit abroad, and that the use be genuine.

On the facts, after registering the trademarks, the proprietor Beau HLB had initially used the marks in respect of sales in Switzerland. After that, within the reference period of the last five years (corresponding to the five-year grace period for use according to Article 12 of the TmPA), the trademark owner marketed high-

⁹² Case 4A_509/2021 (Federal Supreme Court, November 3, 2022).

⁹³ Article 11 (2) of the TmPA reads: “Use in a manner not significantly different from the registered trade mark and use for export purposes also constitute use of the trade mark.”

value watches in Asia after having affixed the protected trademarks to them in Switzerland. The sales comprised about sixty pieces, spread evenly over the reference period. The lower court found this to constitute genuine trademark use and thus to be sufficient for a right preserving use, even if only for certain of the claimed goods. With regard to the notion of “use for export purposes,” the lower court observed that, according to doctrine and case law, the export mark concerned goods and services “exclusively” intended for export. It stressed the importance of respecting this “exclusivity” in order not to relativize the principle of territoriality. Based on the fact that the owner during the reference period had only used the trademarks for export purposes, it concluded that the requirement of exclusivity was met. It thus ordered the retention of the two trademarks but reduced the claimed list of goods for the figurative mark to “watches of all kinds” and for the word mark to “watches.”

UNIVERSAL GENEVE appealed this judgment to the Federal Supreme Court. In its decision of November 3, 2022, the Swiss Federal Supreme Court dealt with the interpretation of Article 11(2) of the TmPA and the question as whether the definition of a trademark as an export mark requires that the corresponding trademark has *always and exclusively* been used for export purposes only. In this context, it held that Article 11(2) of the TmPA speaks of a “use for export” without mentioning any exclusivity. However, both the legislative materials as well as doctrine and case law speak of goods that are *exclusively* intended for export. The Federal Supreme Court then compared the Swiss legal situation with the EU, where, for example, Article 18(1) of the European Union’s Trademark Regulation requires that “the mark (. . .) be affixed to the goods or to their packaging in the Union solely for the purpose of export.” The court noted that the two marks were, in any case, used only for export during the relevant reference period.

Universal Geneve had assumed that a trademark should be registered either for use on the Swiss market *or* for marketing abroad, which, as the Federal Supreme Court stated, the trademark law does not provide for. Swiss trademark law does not mention exportation trademarks among the recognized varieties of trademarks (word, figurative, combined, etc.), and it does not make the application of Article 11(2) of the TmPA conditional on such a mention in the register. Following this logic would lead to an odd result: the proprietor would be forced to choose a commercial model of either Swiss market or export at the time of registration, and this might restrict future plans.

The Court concluded that it is irrelevant that the two trademarks were once marketed in Switzerland and only then appeared on the foreign market. Prior use in Switzerland did not prevent the presumption of “export use” during the relevant period, which occurred in a manner that preserves the protection of the

trademarks. The judgment left open how a simultaneous use of the trademark domestically and for export purposes would be assessed. Finally, the Federal Supreme Court recalled that trademark rights can be maintained only through a *public* use of the mark, which was satisfied here since the Swiss watches had been exported to Hong Kong for sale in various Asian countries and had been subject to the usual competition for such sales.

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 (and equivalent rights for non-EU territories).

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 10 of the 2015 TM Directive. As always, readers should note that the rights of a trademark proprietor to sue for infringement of EUTMs or national marks in the EU are broadly harmonized, whereas the rights, remedies, and entitlement of a successful litigant are only *partially* harmonized by the IP Enforcement Directive (Directive 2004/48/EC), leaving considerable scope for divergence, forum shopping, or even inconsistent results across the EU.

The cases featured in this Part VI are all from national courts within the EU and beyond, covering a diverse range of issues. In *Louboutin v. Amazon Europe Core Sarl and Others*, the CJEU considered the familiar balance between a marketplace operator who permits the sale of goods by third parties, and a brand owner who is concerned as to the sale of infringing goods but would rather not deal only with each individual seller. This time, the CJEU considered the extent to which a “hybrid” marketplace might be liable alongside the third-party sellers for the use of infringing marks. The UK High Court heard a similar case considering the extent to which an app marketplace might be jointly liable for third-party apps on its app marketplace that infringed the rights of third parties. A range of cases considered the territorial scope and extent of trademark protection, in the UK another case involving Amazon looked at liability for the infringing sale of goods from a .com site into the UK/EU, the German courts considered whether promotion of goods at a trade fair for ultimate sale overseas could infringe trademarks locally, and the Turkish court considered the extent of criminal liability for counterfeit goods in transit. The courts of Spain considered the scope of recoverable damages, while the Swiss courts assessed the scope of infringement protection for the famous *Lindt*

chocolate bunny. Finally, a fascinating case in Denmark considered the ability of a proprietor to restrain future, as-yet-unspecified acts of infringement with an injunction.

B. Legal Texts

Article 9 of the 2017 EUTM Regulation

1. An EU trade mark 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 trade mark, the proprietor of that EU trade mark 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 trade mark and is used in relation to goods or services which are identical with those for which the EU trade mark is registered;
 - (b) the sign is identical with, or similar to, the EU trade mark and is used in relation to goods or services which are identical with, or similar to the goods or services for which the EU trade mark 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 trade mark;
 - (c) the sign is identical with, or similar to, the EU trade mark 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 trade mark 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 trade mark.
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 trade mark, the proprietor of that EU trade mark 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 trade mark which is identical with the EU trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trade mark.

The entitlement of the proprietor of an EU trade mark pursuant to the first sub-paragraph shall lapse if, during the proceedings to determine whether the EU trade mark 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 trade mark is not entitled to prohibit the placing of the goods on the market in the country of final destination.

Article 125(2) of the 2017 EUTM Regulation

5. 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.

Article 10 of the 2015 TM Directive

1. The registration of a trade mark 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 registered trade mark, the proprietor of that registered trade mark 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 trademark and is used in relation to goods or services which are identical with those for which the trade mark is registered;

- (b) the sign is identical with, or similar to, the trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the 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 trade mark;
 - (c) the sign is identical with, or similar to, the trade mark 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 trade mark is registered, where the latter has a reputation in the Member State 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 trade mark.
3. The following, in particular, may be prohibited under paragraph 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 those purposes, under the sign, or offering or supplying services thereunder;
 - (c) importing or exporting the goods under the 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 registered trade mark, the proprietor of that registered trade mark shall also be entitled to prevent all third parties from bringing goods, in the course of trade, into the Member State where the trade mark is registered, without being released for free circulation there, where such goods, including the packaging thereof, come from third countries and bear without authorization a trade mark which is identical with the trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trade mark.

The entitlement of the trade mark proprietor pursuant to the first subparagraph shall lapse if, during the proceedings to determine

whether the registered trade mark has been infringed, initiated in accordance with Regulation (EU) No 608/2013, evidence is provided by the declarant or the holder of the goods that the proprietor of the registered trade mark is not entitled to prohibit the placing of the goods on the market in the country of final destination.

5. Where, under the law of a Member State, the use of a sign under the conditions referred to in paragraph 2 (b) or (c) could not be prohibited before the date of entry into force of the provisions necessary to comply with Directive 89/104/EEC in the Member State concerned, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign.
6. Paragraphs 1, 2, 3 and 5 shall not affect provisions in any Member State relating to the protection against the use of a sign other than use for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

C. Cases

1. EU—CJEU—Does a hybrid marketplace use an EUTM within the meaning of Article 9(2)(a) of the 2017 EUTM Regulation by offering delivery and storage of (third-party) infringing goods on its online marketplace?

In *Louboutin v. Amazon Europe Core Sarl and Others*,⁹⁴ the Grand Chamber of the CJEU considered requests for preliminary rulings by the Belgian and Luxembourg national courts in joined proceedings, with nearly identical facts. In both, Christian Louboutin had brought proceedings for trademark infringement against Amazon in relation to the sale of allegedly infringing shoes sold on its online marketplace by third-party sellers. Louboutin claimed that Amazon and its affiliates had *also* infringed his rights under Article 9(2)(a) of the 2017 EUTM Regulation as the proprietor of an EUTM for the red color (shown below) applied to the soles of high-heeled shoes (the “Mark”) due to the sale of shoes featuring the same red soles by third-party sellers on its online marketplace. Louboutin argued that Amazon, as the operator of a hybrid online marketplace, infringed by showing advertisements of, and providing delivery and storage services for, infringing goods sold by third parties on its marketplace, thereby using the Mark itself.

⁹⁴ Joined Cases C-148/21 and C-184/21 EU:C:2022:1016.



The Belgian and Luxembourg national courts asked the CJEU whether, and in what circumstances, an operator of an online marketplace uses an EUTM within the meaning of Article 9(2)(a) of the 2017 EUTM Regulation when displaying third-party sellers' listings and advertisements. They also sought clarification of whether the perception of the consumer was relevant to determining use by the operator.

As relates to use by an operator, the CJEU had previously held in *Coty Germany*⁹⁵ that a direct action would be required by the operator, and that mere operators of online marketplaces are not primary infringers where the seller is a third party. As for the consumer's perception, previous EU case law had held that this was irrelevant to the assessment of use of a mark in the course of trade, it only becoming relevant in assessing likelihood of confusion, once use had already been established.

In addressing use by an online marketplace operator, the CJEU noted that an operator's creation of the technical conditions for the infringement of an EUTM would *not* qualify as a *comportement actif* ("active behavior/conduct"), even if it were paid for creating those conditions. "Use" in this context would imply that the mark must be included in the operator's own "commercial communication." However, that hurdle could be overcome when an operator plays a *further* active role beyond the operation of the marketplace. The CJEU ruled that Amazon might have played such a role but did not determine that it, in fact, had.

In assessing whether Amazon might have used the Mark, the CJEU held that the consumer's perception *could* be relevant in such circumstances. It would be relevant in circumstances in which a reasonably well-informed and observant user of the marketplace would consider there to be a link between the operator's goods and those of an infringing third-party seller. Where product listings/advertisements are insufficiently transparent so as to allow consumers to distinguish between offers emanating from the operator of the marketplace and third-party sellers, that might give the impression that the operator itself markets infringing goods "in

⁹⁵ *Coty Germany GmbH v. Amazon Services Europe Sarl* (Case C-567/18), EU:C:2020:267.

his name and on his own behalf.” The CJEU held that several factors meant that Amazon may have created such an impression:

1. Amazon presented its own products together with those of third parties in a uniform manner.
2. It displayed its own logo as a renowned distributor in relation to all advertisements, including those of third-party sellers.
3. It grouped products with tags such as “best seller,” “most popular,” and “most sought after,” which were likely to lead consumers to think that Amazon was promoting and marketing those goods.
4. Amazon provided third-party sellers with storage and distribution services for infringing goods as well as customer relations services concerning such goods.

Importantly, as a preliminary reference, the CJEU did not rule that Amazon *had* used the Mark in the circumstances in question. The question of whether Amazon’s alleged use of the Mark under Article 9(2)(a) (and therefore, its liability), must be decided by the referring national courts applying the guidance issued by the CJEU.

The CJEU’s decision also marks a shift as to when consumer perception is relevant in EUTM infringement proceedings. The EU Courts’ current approach to assessing likelihood of confusion is that consumer perception is relevant to an assessment of similarity between the marks; once use in the course of trade has already been established. This decision appears to signal a new approach by the courts, including the perception of a reasonably informed consumer in the assessment of whether there is “use” in the context of a hybrid marketplace.

2. Spain—Supreme Court—How should damages be assessed for infringing use of a third party’s mark as keyword?

In *Grupo Ilusión de Ortodoncistas S.L. (Clínicas Ortodoncis) v. Laboratorio Lucas Nicolás S.L. (Clínicas Vitaldent)*,⁹⁶ the Supreme Court of Spain ruled on a trademark infringement action filed by Grupo Ilusión de Ortodoncistas S.L., owner of a Spanish trademark registration for CLÍNICAS ORTODONCIS (registered in Class 44 for medical services; dentistry), against Laboratorio Lucas Nicolás S.L. (Clínicas Vitaldent), for the unauthorized use of the trademark CLINICAS ORTODONCIS as a Google keyword in online advertising.

⁹⁶ Judgment 320/2022 of April 20, 2022, Supreme Court of Spain in Case 4415/2018, Grupo Ilusión de Ortodoncistas S.L. (Clínicas Ortodoncis) v. Laboratorio Lucas Nicolás S.L. (Clínicas Vitaldent).

The defendant, a Spanish chain of dental clinics Vitaldent, had subscribed to Google's AdWords referencing service. When an Internet user typed the terms "Clínicas Ortodoncís" into a GOOGLE search, an advertisement consisting of the heading "Clínicas Ortodoncís" and a link to Vitaldent's website appeared.

Commercial Court No. 12 of Madrid⁹⁷ upheld the trademark infringement action and ordered Vitaldent to cease use of the trademark "Clínicas Ortodoncís" as a keyword and its link on the Internet to the website www.vitaldent.com. The defendant was also ordered to pay damages of EUR 555,000 for trademark infringement. This judgment was upheld by the Appeal Court No. 28 of Madrid.⁹⁸

On further appeal, the case reached the Spanish Supreme Court, which was asked to decide:

- (i) whether Vitaldent's use of the CLÍNICAS ORTODONCIS mark as a keyword in the AdWords referencing service constituted trademark infringement; and
- (ii) whether the compensation for trademark infringement, calculated on the basis of the 1% turnover made by the infringer, was correct.

Regarding trademark infringement, the Spanish Supreme Court highlighted that this was a case of double identity, as Vitaldent was using (as a keyword), a sign identical to the CLÍNICAS ORTODONCIS trademark in relation to goods or services that were identical to those for which the trademark was registered (dentistry services).

The Spanish Supreme Court cited CJEU case law (including *Google France*⁹⁹) and ruled that using a third-party trademark as a keyword *could* amount to trademark infringement if the sponsored advertisement does not clearly allow the user to ascertain that the advertisement is not economically linked to the proprietor of the trademark. It concluded that Vitaldent had infringed the CLINICAS ORTODONCIS trademark insofar as the sponsored advertisement that linked to Vitaldent's website was accompanied by the heading "Clínicas Ortodoncís." This adversely affected the trademark's function of indicating origin, as the advertisement reasonably suggested that Vitaldent had an economic connection with Ortodoncís.

⁹⁷ Judgment No. 147/15 of July 30, 2015, in Case 579/2013.

⁹⁸ Judgment 338/2018 of June 8, 2018 (Case 577/2016).

⁹⁹ Judgments of the CJEU of March 23, 2012 (*Google France SARL and Google Inc. v. Louis Vuitton Malletier SA* (Case C-236/08), *Google France SARL v. Viaticum SA and Luteciel SARL* (Case C-237/08), and *Google France SARL v. Centre national de recherche en relations humaines (CNRRH) SARL and Others* (Case C-238/08)), and September 22, 2012 (Case C-323/09—*Interflora and Interflora British Unit*).

As for damages, Article 43.5 of the Spanish Trademark Act provides for automatic compensation equivalent to 1% of the turnover of the infringer (regardless of whether such turnover was directly attributable to the use of the mark). This means that, when there is a finding of trademark infringement, the existence of damage is automatically presumed, without further proof or causation required. This is a notable feature of the Spanish trademark system, not contained in the IP Enforcement Directive.¹⁰⁰

The plaintiff had elected to automatically assess damages on the basis of Article 43.5. The defendant argued that the plaintiff had not proved that it had suffered any damage and also argued that, at the most, the 1% assessment should apply *only* to the relevant turnover generated through the particular use of Ortodoncis' trademark (i.e., to the services actually rendered to those patients who went to a Vitaldent clinic as a result of the infringing advertisement) rather than all turnover in all of Vitaldent's clinics.

The Spanish Supreme Court emphasized that while the general doctrine of compensation for damages is that damage is not presumed but must be proven by the party claiming it, there is an exception for damages *ex re ipsa*, where the damage can be automatically inferred from the wrongful act.

The Spanish Supreme Court upheld the findings of the First Instance Court, which had found that the use of the plaintiff's trademark as a keyword to redirect users to the defendant's network of dental clinics must necessarily have caused some damage, and it was impossible to prove how many potential customers of the applicant had gone to the Vidalent clinics as a result of the confusion. The Supreme Court emphasized that it was precisely these cases, where it is very difficult to quantify the damage (whether through loss of the plaintiff's sales or the infringer's unlawful profit) that Article 43.5 Spanish Trademark Act allows the owner of the infringed trademark to request 1% of the turnover obtained with the services identified with the infringed trademark.

The Supreme Court noted that the legislation refers to all "unlawfully marked products or services," not only to those that have been ultimately sold or rendered to actual clients who purchased them after considering the infringing advertisement. Therefore, since Vitaldent was offering *all* its dentistry services through the website referred to in the advertisement that was found to infringe Ortodoncis' trademark, the Supreme Court awarded damages to the plaintiff amounting to over half a million euros (1% of Vitaldent's total turnover).

¹⁰⁰ Directive 2004/48/EC.

3. Denmark—The Danish Eastern High Court—Can a preliminary injunction be granted for future as-yet-unidentified infringement?

The Danish Eastern High Court (“EHC”) considered an appeal¹⁰¹ between Skechers U.S.A., Inc. II (“Skechers”), and the network operators and telecommunications companies Nuuday A/S, Telenor A/S, Telia Denmark, and HI3G Denmark ApS (collectively the “Telecom Companies”), which related to a request for a preliminary injunction to prohibit the Telecom Companies from providing access to websites posted to domain names that allegedly infringed Skechers’ trademarks and copyright works.

Requirements for a preliminary injunction to be granted

According to Section 413 of the Danish Administration of Justice Act, a preliminary injunction may be granted where:

- (i) the proprietor holds the rights over which protection is sought;
- (ii) the conduct of the opposing party (here, the website content to be blocked by the Telecom Companies) necessitates the granting of the injunction; and
- (iii) the ability of the rights owner to enforce its rights would be lost if it had to wait for the outcome of a judgment on the merits.

Proceedings before the Danish Maritime and Commercial High Court

Before the Danish Maritime and Commercial High Court (“MCC”), the court of first instance, Skechers’ principal argument was that the Telecom Companies must, according to established case law, block access to the infringing websites. By refusing to do so, the Telecom Companies would be contributing to the infringement of Skechers’ trademarks and copyright. Skechers also argued that the Telecom Companies should block access to *any other* domain names that contain infringing content in the future, despite being unidentified at the time, provided that Skechers could notify the Telecom Companies of those domains, and be ready to take all financial and legal responsibility if the alleged infringing website turned out not to contain content that infringed Skechers’ rights.

The Telecom Companies argued that they did not have any responsibility, obligation, or right to block access to websites with “allegedly infringing content” upon request of a rights holder

¹⁰¹ Case No. BS-24168/2022-OLR.

without a judicial or administrative decision directed at a specified domain name.

The MCC held that the Telecom Companies contributed to the infringement of Skechers' trademarks by providing access to the websites. The MCC emphasized that Skechers had proven the necessity of a preliminary injunction, recognizing that it had not been possible to identify the owners of the websites and their domain names, and that Skechers' ability to enforce their rights would indeed be lost if they had to await a judicial decision in a case on the merits. The preliminary injunction was granted, and the Telecom Companies were ordered to take all necessary steps in order to prevent access to identical infringing content *on other websites*. However, regarding blocking unspecified infringing websites going forward, the MCC held that Skechers' claim lacked sufficient precision, clarity, and urgency, rejecting this aspect of the claim.

Appeal (in part) to the Eastern High Court

Skechers appealed the decision of the MCC to the EHC, solely in respect of the decision to deny relief for future unspecified infringements. The EHC found that it was possible that future unknown third parties' use of Skechers marks on such websites might be lawful, in particular with reference to the CJEU's decision in *Parfums Christian Dior*,¹⁰² so Skechers had not proven that they would have the rights sought to be protected by the preliminary injunction in all instances covered by the claim. The EHC also found that Skechers had not proven the necessity of a preliminary injunction, since Skechers had not been able to identify an actual infringement committed by an identified third party that needed to be blocked. The EHC thus rejected Skechers' claims to block access to future and unidentified infringements as the conditions for granting a preliminary injunction were not met.

4. Germany—Court of Appeal of Nuremberg—Can the advertising and promotion of goods directed at overseas markets constitute “local” infringement?

In its decision¹⁰³ of February 16, 2022, the Court of Appeal of Nuremberg considered whether exhibiting products at an international trade fair could amount to infringement of an EUTM in Germany even where the products exhibited were intended for sale overseas.

The plaintiff had been marketing its range of body care and cosmetic products in Germany under the company name “Laverana

¹⁰² Case C-337/95, in particular para. 46, regarding retailers' use of the mark.

¹⁰³ Case No. 3 U 3933/21 (Court of Appeal of Nuremberg, February 16, 2022).

GmbH & Co. KG” and the associated trademark LAVERA, protected, *inter alia*, as an EUTM. All of the plaintiff’s products were labelled with the company name and the LAVERA trademark. The company website, www.laverana.com, contained various information about the plaintiff and its product range.

The defendant, a Russian company, also produces and sells natural cosmetics under the company name “Levrana,” using the sign “LEVRANA NATURAL,” which was also registered as an EUTM.

Both parties participated as exhibitors in the annual international trade fair for natural cosmetics, Vivaness 2020, held in Nuremberg, Germany in February 2020. The event was aimed exclusively at trade visitors, with almost two-thirds of the exhibitors and more than half of the trade visitors coming from abroad.

The defendant intended to appear at this trade fair under its company name “Levrana,” and with products marked as “LEVRANA NATURAL.” This exhibitor information was published (in German) in an online trade fair catalogue on the homepage of the trade fair, in which the company name of the defendant, its logo, and its products were marked with “Levrana”—including natural cosmetic products—could be viewed visually. Presentation in the trade fair catalogue was a requirement of the trade fair organizer.

Upon application by the plaintiff, the District Court of Nuremberg issued a preliminary injunction prohibiting the defendant from advertising natural cosmetics and/or liquid plasters in Germany under the sign “LEVRANA.” This preliminary injunction was served on the defendant on the first day of the trade fair. During the course of the morning, the trademarks in dispute (displayed on the products presented at the trade fair booth, as well as the company name of the defendant) were rendered unrecognizable. The defendant also prepared a sign with a disclaimer stating that the exhibited products were not sold in Germany but, ultimately this was not displayed at the trade fair because it also had the mark LEVRANA printed on it.

In its reasoning, the District Court stated that the advertising of the products in Germany at the Vivaness 2020 trade fair constituted an act of trademark infringement and that there was a likelihood of confusion. The defendant appealed to the Court of Appeal of Nuremberg, arguing that no act of infringement took place with respect to the German market since the goods exhibited were neither destined for, nor advertised with respect to, supply in that market.

The Court of Appeal upheld the District Court’s finding of infringement. The term “advertising” as an independent form of trademark infringement was to be understood in the broadest possible sense. It therefore includes all forms of advertising, being any direct or indirect sales-promotion objective, image-promoting or

attention-generating measures. In addition, if a company exhibits a product in Germany at a trade fair, there is no presumption that this product is offered or marketed in Germany. However, the Court of Appeal determined that the exhibition constituted use on the domestic market in the context of a commercial activity, so that there was infringing use in the form of advertising. The use by a foreign company of a trademark liable to be confused with a protected trademark at the booth of an international trade fair held in Germany thus constituted use of the trademark with regard to the professional public present at that fair in advertising in Germany. The Court of Appeal concluded that trademark law applies irrespective of whether the advertised transaction is to be concluded in Germany or abroad.

5. Germany—Federal Supreme Court—When does the use of a domain name create an enforceable trade name?

In its decision¹⁰⁴ of June 2, 2022, the Federal Supreme Court of Germany held that the use of a domain name can create a trade name/business identifier.

The plaintiff, St. Nikolaus-Hospital / Cusanusstift Bernkastel-Kues (“St. Nikolaus Hospital”) was a public foundation, originally founded by the cardinal and scholar Nikolaus von Kues (or Nicolaus Cusanus), born in the city of Kues. The “hospital for the poor,” originally founded in 1458, was in a Gothic monastery complex and more recently included a retirement and nursing home, which the plaintiff had leased until the end of 2019. After that period, the nursing home had been operated by a company of which the plaintiff was the sole shareholder. The monastery’s assets included a vineyard that the plaintiff had leased out. The wines from this vineyard were labelled “Cardinal Cusanus Stiftswein” and “Erzeugerabfüllung Weingut Stiftung St. Nikolaus-Hospital” (meaning, “Producer bottling winery foundation St. Nikolaus-Hospital”). The subsidiary of a sub-lessee operated a wine cellar in the vaulted cellar of the monastery, also leased out by the plaintiff. The plaintiff was the owner of the Internet domain name “cusanus.de.”

Until 2017, the defendant operated under the name “Cusanus Betriebs GmbH.” At the beginning of August 2015, it opened the restaurant Bahnhof Cues—Das Brauhaus (“Station Cues—the Brewery”) in the former station building in Bernkastel-Kues, which it advertised online under the domain name “bahnhof-cues.de.” It also operated the domain names “cusanus-brauerei.de,” “cusanusbraeu.de,” and “cusanusbräu.de,” which all linked to the

¹⁰⁴ Case No. I ZR 154/21 (German Federal Supreme Court, June 2, 2022).

page “bahnhof-cues.de.” The restaurant sold brewed beer under the name “Cusanus Bräu” as well as “Cusanus Bräu Liqueur” and “Cusanus Bräu Brand.”

The plaintiff brought a claim alleging trademark infringement and unfair competition. It requested that the defendant cease and desist from:

1. using in the course of trade the signs “Cusanus” and “Cusanus Bräu” for the operation of a brewery and/or a catering business for the hospitality and catering of guests; and
2. redirecting from the domain name “cusanus-brauerei.de” and/or “cusanusbraeu.de” and/or “cusanusbräu.de” to the domain name “bahnhofcues.de.”




The District Court dismissed the action and this was upheld on appeal. According to the Court of Appeal, the plaintiff was not entitled to injunctive relief due to the lack of a likelihood of confusion between its trade name and the defendant’s signs. The plaintiff used the designation “St. Nikolaus—Hospital Cusanusstift Bernkastel-Kues” abbreviated by the public to “St. Nikolaus Hospital” or “Cusanusstift.” It considered the term “Cusanus” could not be protected by the keyword “Cusanusstift” and was not similar enough to the corporate name of the defendant, Cusanus Betriebs GmbH, to establish a likelihood of confusion between the trade names of the parties. Similarly, the plaintiff could not prevent the defendant from directing users from the domain names “cusanus-brauerei.de,” “cusanusbraeu.de,” or “cusanusbräu.de” to the “bahnhof-cues.de,” due to the lack of a likelihood of confusion between the corporate keyword “Cusanusstift” and the domain names.

The decision was overturned by the Federal Supreme Court of Germany. The Federal Supreme Court held that the plaintiff’s domain name, “cusanus.de,” should have been taken into account by the Court of Appeal when examining the trade name of the plaintiff. It pointed out that pursuant to Section 5 of the German Trademark Act, signs that are used in the course of trade as a personal name, as a corporate name, or as a special designation of a business or an enterprise are protected as trade names. Use of a domain name may constitute use as a trade name if the public does not see it as a mere address designation, but rather as an indication of the company or of the commercial origin of goods or services. As a rule, domain names that lead to active homepages used in commerce have a distinctive function in addition to their function as addresses. Accordingly, the Federal Supreme Court considered it at least possible that the Court of Appeal would have concluded that “Cusanus” in itself also serves as an indication of the plaintiff’s

business operations within the meaning of Section 5(2) of the German Trademark Act.



6. UK—High Court—Can an app store operator be held liable for trademark infringement in relation to apps offered by third parties?

In *Swatch v. Samsung*,¹⁰⁵ the High Court of England & Wales found that Samsung had infringed a number of trademarks owned by Swatch under Article 9(2)(a) or (b) of the 2017 EUTM Regulation.¹⁰⁶ Swatch brought a trademark infringement action against Samsung in relation to apps made available on the Samsung Galaxy App Store (the “SGA store”) for use on Samsung’s smart watches. Swatch claimed that, between October 2015 and February 2019, a total of twenty-three of its trademarks were infringed by thirty apps available in the SGA store. The apps in question were digital watch faces used by consumers to change the display of their smartwatches. By way of example:

App name: Swatch Orange Black WF	App name: Glashaus-Panoma	App name: Tissot Watch face
		

¹⁰⁵ Montres Breguet S.A. and Others v. Samsung Electronics Co. Ltd. and Samsung Electronics (UK) Limited, [2022] EWHC 1127 (Ch)).

¹⁰⁶ Equivalent in domestic legislation: Section 10(1)-(3) of the Trade Marks Act 1994. The EUTM Regulation still applies because the relevant dates for assessing infringement were between October 2015 and February 2019, when the UK was still part of the EU.

Relevant Swatch trademark	Relevant Swatch trademark	Relevant Swatch trademark
EUTM 1329569: SWATCH (word mark) EUTM 000226019: SWATCH (word mark)	EUTM 13657994 (figurative): GLASHÜTTE ORIGINAL EUTM 4821773 (figurative): Glashütte ORIGINAL 	EUTM 1256550 (word mark): TISSOT EUTM 225698 (stylized): 

Although each app was developed by a third party, once an app was designed and uploaded to the SGA store, it was automatically submitted to Samsung’s app review process. This process consisted of an evaluation conducted by a team of software engineers to determine whether the app complied with Samsung’s terms and conditions, before it was made available to consumers as a “for sale” version on the server. The process comprised both a technical and a content review, including a determination of whether the app complied with Samsung’s certification requirements and a review of warranties given by the developer in question regarding IP rights.

Samsung denied liability on various grounds and, in particular, argued that it had not “used” the trademarks for the purposes of Article 9(3) of the 2017 EUTM Regulation. Samsung also relied on the exemption from liability provided by Article 14 of the E-Commerce Directive (2000/31/EC). Swatch maintained that Samsung had been closely involved in the review process by which the apps had been made available to consumers, and therefore it claimed that Samsung would be liable as a primary tortfeasor, or alternatively, as a joint tortfeasor.

The High Court set out a summary of case law considered and/or applied in this case, discussing the elements of the “test” for infringement under Article 9(2) of the 2017 EUTM Regulation. It therefore considered the following:

- (i) the average consumer;
- (ii) identity and similarity of the marks/goods and services;
- (iii) function and descriptive use;
- (iv) likelihood of confusion;
- (v) unfair advantage; and

(vi) use of the marks.

The key principles in this case were whether app store operators could be liable for trademark infringement in relation to apps developed by third parties and, in particular, what amounted to the “use” of a trademark in this kind of online environment for the purposes of Article 9 of the 2017 EUTM Regulation, referencing in particular cases *Google France v. Louis Vuitton Malletier* [2010],¹⁰⁷ *L’Oréal v. eBay* [2011],¹⁰⁸ and *Coty Germany v. Amazon Services Europe* [2020].¹⁰⁹ Samsung argued that it did not use the signs, as it simply provided a vehicle (the SGA store), through which app developers provided their own apps. Further, it argued that undertaking the content review did not amount to use in relation to relevant goods or services; it was the app providers, not Samsung, who placed the apps in the SGA store by uploading them. Samsung relied upon the Advocate General’s opinion in *L’Oréal v. eBay*,¹¹⁰ to the effect that “use and display of signs on the website of an electronic marketplace is not use by the operator, any more than their use in classified newspaper ads is use by the newspaper.” Samsung also argued that the exemption from liability afforded by Article 14 of the E-Commerce Directive should apply in this case, given its role as a mere intermediary.

Swatch argued that Samsung was liable for trademark infringement under Article 9(2) of the 2017 EUTM Regulation, as it was actively in control of the process through which the apps were made available and Samsung was also using the trademarks in its own commercial communications, such that its conduct was active, amounting to “use” (as interpreted in *Coty Germany v. Amazon Services Europe*).

The High Court held that a number of apps offered on the SGA store infringed various trademarks owned by the Swatch group. It also found that the features of the apps were identical or at least highly similar to Swatch’s trademarks, and that watch face apps were similar goods to smartwatches and had the same level of similarities with watches, giving rise to infringement under Article 9(2)(b).

Importantly, the Court held that Samsung *did* use the signs in the course of trade for the purposes of Article 9 of the EUTM Regulation. In reaching this conclusion, the Court took into consideration a range of evidential factors, including that:

¹⁰⁷ CJEU in Joined Cases C-236/08 to C-238/08, *Google France v. Louis Vuitton Malletier*, [2010] ECR I-0000; [2010] RPC 19 (“*Google France*”).

¹⁰⁸ Case C-324/09, *L’Oréal v. eBay*, [2011] RPC 27; [2011] ETMR 52.

¹⁰⁹ Case C-567/18, *Coty Germany v. Amazon Services Europe*, [2020] ETMR 37.

¹¹⁰ Case C-324/09, at 119-120.

- a. Samsung specifically advertised the availability of a wide range of watch face apps in the SGA store, indicating that it was a feature worth promoting.
- b. Samsung made a commercial choice to design only a limited number of watch face apps itself, to allow and encourage app developers to develop the majority of watch face apps for Samsung smartwatches.
- c. Samsung wanted free apps to be developed and made available that allowed or highlighted the use of functions or interfaces that are unique to Samsung smartwatches. In return, app developers benefited from increased sales of paid-for apps and promotional opportunities provided by Samsung. This indicated a symbiotic relationship between the app developers and Samsung, going well beyond just the sharing of revenue derived from the sale of the apps.
- d. Samsung provided material assistance to developers of watch face apps, in the form of the Galaxy Watch Studio tool.
- e. Samsung hosted developer conferences to inspire and showcase the capabilities of apps built on Samsung devices.
- d. Samsung entered into licensing arrangements with all app developers before they were permitted to use any of its development material or upload apps to the SGA store.
- g. Samsung's SGA store was dedicated to apps for Samsung products, so the average customer downloading watch faces for Samsung smartwatches from the SGA store would believe that is the "official" channel, which carried an implicit assurance that Samsung endorsed such apps and would provide assistance in the event that they proved problematic. Samsung had specifically marketed its smartwatches by reference to the availability of watch face apps in its store.
- h. In contrast to apps that obviously relate to goods or services provided by a third party and facilitate their provision (e.g., an Uber app, enabling a user to order an Uber vehicle), the watch face apps did not directly perform any such function, but they were grouped together in the SGA store with watch face apps designed by Samsung and presented as an optional alternative to the Samsung-designed watch faces preloaded on the watch.
- i. The apps in question were designed exclusively for, and operated only on, Samsung smartwatches.
- j. Samsung was not just providing the necessary technical environment to allow the apps to be uploaded, displayed in the SGA store, and downloaded; it had a clear commercial

interest in the watch face apps in the SGA store, and in their availability, presentation, and use by consumers. The SGA store was not simply an online marketplace like eBay.

Taking into consideration all the above, the Court concluded that Samsung should be held liable as a primary tortfeasor, despite the apps in question all being created by third-party developers, given Samsung's involvement and level of control through the review process, which, according to the Court, amounted to "use" under Article 9(3).

In relation to Samsung's defense under Article 14 of the e-Commerce Directive, the Court stated that such protection is limited to activity that "consists of the storage of information" and conduct of a "technical, automatic and passive" nature, rather than taking an active role over the data. Samsung's conduct went beyond that, with the High Court concluding that "whilst there is no obligation to monitor, a failure to act expeditiously following awareness of facts or circumstances that would have alerted a diligent economic operator would also lead to a denial of protection." The Court went on to confirm that had Samsung acted as a diligent operator, it would have identified the potential infringements during its review process, so Article 14 of the e-Commerce Directive would not be available.

7. Norway—Borgarting Court of Appeals—Was a registered mark with a historical descriptive meaning infringed by the use of a similar mark?

In December 2021, a trademark case heard by Borgarting Court of Appeals in Oslo became an unlikely battleground for the effects of a previously strict state-regulated gambling policy that had recently been liberalized. Notably, the Court of Appeals effectively upheld a monopoly on the trademark LOTTO for lottery services in Norway through its ruling in the case.

The plaintiff in the case, Norsk Tipping AS, is a state-owned Norwegian company, which has historically held a monopoly within organized gambling in Norway, due to restrictive gambling legislation. Its flagship game, Lotto, is a number-based lottery game in which the main prize is awarded to players who have matched the seven drawn numbers. Since 1987, the weekly televised Lotto draw has been a staple Friday night program on the state-owned television channel NRK, and the game is played by more than 1.7 million Norwegians on average. As of 2021, LOTTO grossed an annual revenue of around 3.6 billion NOK (approx. EUR 330 million), the proceeds of which are invested in sports, cultural and humanitarian projects, and purposes in Norway and beyond.

In 2002, Norsk Tipping applied for a trademark registration for the word mark LOTTO, claiming distinctiveness and reputation

through use, *inter alia*, through the exposure gained from the weekly televised Lotto draws. The LOTTO mark was registered in 2004 in Class 41 for lottery and gambling related services, with further LOTTO marks added to the trademark portfolio thereafter.

Following a liberalization of the gambling market, in 2017 the company Fotolotto.no AS (“FL”), (established in part by the former long-term director of Norsk Tipping) was granted a permit to conduct lotteries in Norway. Its game Fotolotto was a photo-based lottery game, in which the player purchases an entry coupon through submitting a photo along with an entry fee, either through a mobile or web application. Having unsuccessfully applied for national trademark registration of the combined mark FOTOLOTTTO in 2010, the parent company of FL re-applied for registration of the mark in 2017, after having successfully registered the equivalent mark as an EUTM. The application was rejected by the Norwegian Patent Office, which stated that the FOTOLOTTTO mark constituted a likelihood of confusion with Norsk Tipping’s registered LOTTO mark, registered for the same services as applied for by FL.

In 2019, Norsk Tipping filed a lawsuit against FL, claiming that both the registered company name, “Fotolotto.no AS,” and the usage of the FOTOLOTTTO trademark infringed the exclusive rights of the registered trademark LOTTO, pursuant to Article 5 of the 2008 TM Directive,¹¹¹ as implemented in the Norwegian Trademark Act.¹¹² Norsk Tipping argued that the long-term and widespread exposure of “Lotto” as a service offered by Norsk Tipping had resulted in a reputation in accordance with the Norwegian legislation implementing the optional Article 5(2) of the 2008 TM Directive, effectively lowering the required threshold for trademark infringement.¹¹³ Specifically, Norsk Tipping argued that the historically unique monopoly conditions under which Norsk Tipping had used the mark had resulted in the emergence of a *secondary* meaning to the possibly (potentially) originally descriptive meaning of the word “lotto,” through which “Lotto” now was inexorably linked with, and—in Norway—first and foremost associated with a lottery game provided by Norsk Tipping. Because of the reputation gained by LOTTO, the assessment of whether FOTOLOTTTO and FL’s company name infringed upon the rights conferred to the LOTTO mark should be based on the likelihood of association, rather than likelihood of confusion. Additionally, Norsk Tipping argued that the role of the previous director of Norsk Tipping in FL should create an

¹¹¹ Directive 2008/95/EC.

¹¹² Chapter 1, Article 4(1) of the Norwegian Trademark Act (2010-03-26-8), which implements Article 5(1) of the 2008 TM Directive.

¹¹³ To a “likelihood of association” rather than a “likelihood of confusion” pursuant to Chapter 1, Article 4(2) of the Norwegian Trademark Act, implementing Article 5(2) of the 2008 TM Directive.

increased obligation to distance FL's business to the brands of his previous employer—and that the timeline and actions of FL suggested that the usage of the FOTOLOTTO mark had, in fact, been a conscious and planned strategy in order to capitalize on the potential association with the known brand LOTTO, in violation of the Norwegian Marketing Act.¹¹⁴

In its defense, FL rejected the reputation of LOTTO, and maintained that “lotto” had historically been, and remained, an ordinary and generic term for a type of lottery game, both in Norway and the rest of the world. FL pointed toward both usage of the term in thesauruses as a descriptive term, and rulings from both the Federal Supreme Court in Germany¹¹⁵ and the Supreme Court of South Africa¹¹⁶ in which “lotto” had been maintained to be descriptive in a trademark perspective. On this basis, FL argued that the rights conferred to the registered LOTTO mark were limited, and that other parties must remain free to use the word “lotto” in trademarks for similar or identical services in combination with other words or components, as the descriptive meaning of the word “lotto” in a compound mark would not lead the relevant consumer to confuse or associate such marks with LOTTO. Furthermore, FL argued that as a now-licensed lottery provider, there could not be any qualitative difference between the lottery services provided by FL and Norsk Tipping, and that the notion of a detrimental effect to the repute and distinctiveness of Norsk Tipping's mark was not well founded.

The City Court had ruled in Norsk Tipping's favor at first instance,¹¹⁷ and upon appeal by FL, the Court of Appeal upheld the City Court's ruling.¹¹⁸ The Court of Appeals found that LOTTO had indeed gained a secondary meaning that superseded its originally generic meaning and that as a result, the relevant public would perceive “Lotto” as a specific game offered by Norsk Tipping, and not as a generic lottery game that could be offered by any service provider. In its assessment of whether LOTTO had gained a reputation in accordance with the Norwegian trademark legislation,¹¹⁹ the Court considered the criterion established in *Chevy*¹²⁰ of whether the mark was “known by a significant part of the public concerned” based on “in particular the market share held by the trade mark, the intensity, geographical extent and duration

¹¹⁴ Chapter 6, Article 25, of the Norwegian Marketing Act (2009-01-09-2).

¹¹⁵ Federal Supreme Court, Germany, Judgment Case No. I ZB 11/04.

¹¹⁶ Supreme Court of Appeal, Republic of South Africa, Judgment Case No. 536/2008.

¹¹⁷ Oslo City Courts ruling of May 20, 2020 (TOSLO-2019-155918).

¹¹⁸ Borgarting Court of Appeals ruling of December 20, 2021 (LB-2020-116325).

¹¹⁹ Chapter 1, Article 4(2) of the Norwegian Trademark Act, which implements Article 5 (2) of the 2008 TM Directive.

¹²⁰ Case C-375/97 (*Chevy*) (CJEU, September 14, 1999), *see para.* 24-27.

of its use, and the size of the investment made by the undertaking in promoting it.” The Court of Appeals found that Norsk Tipping had invested significant amounts in the marketing of Lotto, and that the weekly televised “prime time” exposure of the Lotto draws on the biggest domestic TV-channel had “without doubt” resulted in a reputation for the mark.

In its assessment of the similarities between the marks, the Court of Appeals noted that “some similarity, even faint” between the marks could be sufficient to establish similarity between the marks. It found that the marks did indeed share a visual, phonetical, and conceptual likeliness, and that the low threshold for similarity established by the CJEU in relevant case law was therefore met.¹²¹ The Court noted that FOTOLOTTO incorporated the earlier mark LOTTO in its entirety and appeared as a compound word in which LOTTO constituted an independent and dominant component.

As to whether this similarity led to a likelihood of association, the Court based its assessment on the criterion established by the CJEU in *Intel*.¹²² With further reference to the Court of First Instance’s ruling in *Mineral Spa*,¹²³ the Court argued that the descriptive meaning of the component “foto” (Norwegian for “photo”) in the mark would merely focus the average consumer’s attention on the last and (more) distinctive element of the mark LOTTO. The Court further noted that the degree of similarity in the services under which the marks were used, as well as the strength of the reputation enjoyed by LOTTO, additionally increased the likelihood of association. As for the degree of distinctiveness to the LOTTO mark, the Court noted that the trademark was, according to market research submitted to the Court, one of the most recognizable trademarks in Norway with a significant number of active users. Additionally, the fact that Norsk Tipping had established a “family” of trademarks through “Vikinglotto” and other slogans and brands incorporating “Lotto,” enhanced the likelihood that the average consumer would confuse FOTOLOTTO as a product from Norsk Tipping and as a part of this family of trademarks. On this basis, the Court found that FOTOLOTTO would indeed “*call the earlier mark to mind*,” and that there existed a likelihood of association.¹²⁴

While the Court did not find that the usage of FOTOLOTTO could be considered to be detrimental to the repute of LOTTO in itself, it could be detrimental to the distinctiveness of the mark and, furthermore, that the usage constituted “free-riding” of the goodwill conferred to LOTTO, thereby leading to the conclusion that

¹²¹ With reference to Case C-552/09 P (*Ferrero*) (CJEU, March 24, 2017).

¹²² Case C-252/07 (*Intel*) (CJEU, November 27, 2008), paras. 42 and 44.

¹²³ Case T-93/06 (*Mineral Spa*) (Court of First Instance, June 19, 2008).

¹²⁴ Case C-252/07 (*Intel*) (CJEU, November 27, 2008), para. 60.

FOTOLOTTO infringed Norsk Tipping's trademark rights pursuant to Section 4(2) of the Norwegian Trademark Act. The City Court's ruling, in which FL's registered company name was ruled illegal, and FL was prohibited from using FOTOLOTTO, FOTOLOTTO.NO, or FOTOLOTTO.NO AS in or in connection to marketing of lottery and gambling services in Norway was thereby upheld. FL went on to appeal the ruling of the Court of Appeals, but it was unanimously rejected by the Norwegian Supreme Court's Appeals Committee in 2022.¹²⁵

8. UK—Court of Appeal—When is an EU or UK mark used to “target” customers for cross-border sales?

In *Lifestyle Equities CV v. Amazon UK Services Ltd.*,¹²⁶ the UK Court of Appeal overturned a previous High Court ruling that various goods under the Beverly Hills Polo Club (“BHPC”) brand, owned by Lifestyle Equities CV and Lifestyle Equities BV (together “Lifestyle”) were not being marketed and sold by Amazon in the UK or EU by being listed on amazon.com or Amazon's Global Store service on amazon.co.uk. The Court of Appeal decision provides significant guidance for what it means to be “targeting” customers in the UK, particularly in relation to online businesses with an international reach.

Lifestyle was the owner of the BHPC brand, which included a portfolio of UK/EU logo and registered word marks. The respondents were all entities within the Amazon group (together “Amazon”) that operated the websites amazon.com, amazon.co.uk, and amazon.de. According to Lifestyle, BHPC goods marketed and sold in the United States were also being offered by Amazon to UK and EU customers on amazon.com and on Amazon's Global Store, which amounted to infringement of the claimant's trademark rights under Section 10 of the Trade Marks Act 1994 and Article 9 of the EUTM Regulation because the proprietor had not consented to their sale and importation into the UK.

Before the High Court,¹²⁷ Amazon had argued that it had placed technical restrictions on the sale and advertising of BHPC goods to UK and EU consumers (between 2018 and 2019) following the allegations of trademark infringement by BHPC. The key issue before the High Court, and subsequently the Court of Appeal, was

¹²⁵ Decision by the Supreme Court's Appeals Committee on April 4, 2022 (HR-2022-694-U). Perhaps notable in comparison to some other jurisdictions, the Norwegian Supreme Court only admits appeals concerning matters with legal significance that extends the scope of the case in question, or cases that for other reasons are considered important to be decided by the Supreme Court, pursuant to Chapter 30, Article 30-4(1) of the Norwegian Disputes Act (2005-06-17-90).

¹²⁶ [2022] EWCA Civ 552.

¹²⁷ *Lifestyle Equities CV and Another v. Amazon UK Services Ltd. and Others*, [2021] EWHC 118 (Ch).

whether the advertisements and offers for sale complained of by Lifestyle constituted “use” of the trademarks in the relevant territory (in other words, whether the offers and subsequent sales “targeted” the UK and EU).

At first instance, the trial judge in the High Court found against Lifestyle, holding that Amazon had not infringed (save for some minor instances admitted) based on the assessment that no targeting had taken place. The following key issues were determining factors in the High Court’s assessment:

1. Targeting involves the taking of “deliberate aim at the consumers in another country.” Amazon directed its amazon.com website primarily to U.S. customers.
2. There were numerous disadvantages for customers (such as those in the UK and EU) to shopping from a foreign website (such as high shipping and import costs and longer delivery times), and such customers should be aware of this.
3. The volume of website traffic from visitors in the UK (and EU) to amazon.com was significantly less than the volume of traffic from the United States; and
4. UK (and EU) customers would be aware that amazon.com was primarily a U.S. platform.

The Court of Appeal considered the case law on targeting and evaluated this in relation to the circumstances in play in the present case. Lord Justice Arnold made the following observations:

1. It was a matter for objective assessment as to whether a website can be said to target customers in a particular geographic market.
2. The subjective intention of the website operator (with respect to its target audience) has, at most, evidential relevance to that objective assessment. Targeting in any event does not require deliberate aim. The question was whether there was use of the sign in the relevant territory, and there was no requirement for subjective intent on the part of the operator of the website.
3. Whether “targeting” can be said to occur requires an assessment of the customer journey at each step of the process. In this instance, this could be split as follows:
 - (i) In terms of search results, customers were advised that certain products would ship to the UK;
 - (ii) On the product details page, the customers were advised that the given selected product would ship to the UK;
 - (iii) At the stage of order review, an estimate for shipping to the UK was provided; and

- (iv) Currency was shown in Great British Pounds.
- 4. Contrary to the findings of the High Court, there was no evidence that customers would be aware of the differences in shipping and/or import costs between goods listed on amazon.com and those listed on amazon.co.uk.
- 5. Even if amazon.com was *primarily* directed at U.S. customers, it was plainly not *restricted* to them; although the UK user was informed on the amazon.com home page that they could shop at amazon.co.uk and get fast local delivery, it would be easy for the user to miss this statement.
- 6. The fact that the generality of a website was not targeted at the UK/EU did not exclude the possibility that specific uses of the sign on that website were. Even if the relevant advertisements and offers for sale did not constitute use of the BHPC marks in the UK and the EU, there had been *actual sales* to customers based in those territories, which constituted use of the signs in the UK and the EU even if the prior *offer* of sale did not.

In line with Arnold LJ's analysis of each stage of the customer journey, the Court highlighted that each product listing ought to be separately assessed in its context (as opposed to the wider website as a whole). Through applying the above analysis, the Court found that each advertisement and product listing amounted to trademark infringement by way of (i) advertising, (ii) offering for sale, and (iii) selling.

The judgment provided significant guidance for anyone seeking to evaluate whether a website could be said to be targeting the UK/EU (and as such potentially infringing trademark rights), noting in particular that targeting is no more than a shorthand term and not one of art, that "targeting" as such does not even require deliberate aim to a particular class of customers, and infringement may still arise from "pulled-pushing" (where without having taken any active steps to develop the market in the UK, a proprietor nonetheless took business from consumers based in the UK).

9. Turkey—Court of Cassation—Can the transportation of goods subject to a transit regime amount to a criminal offense?

Turkey's geographical location, being at the convergence of trade routes between Europe, the Middle East, and Commonwealth countries, makes it a transit route for trade of millions of goods each year, inevitably including counterfeits. In 2022 a decision of the

Grand Criminal Chamber of the Court of Cassation¹²⁸ in Turkey provided an opportunity for the court to provide clarity on the treatment of goods in transit.

The defendants had imported around fifty counterfeit bags bearing trademarks such as CHANEL, HERMES, and MIU en route from China to Kazakhstan with a transit declaration form. The products were detained at the Customs Directorate of the Sabiha Gökçen Airport in Istanbul in 2011. The goods were detained under Decree Law No. 556, which entered into force on June 27, 1995, and had applied to all trademark related disputes until January 10, 2017, when the Turkish Intellectual Property Code (“IPC”) entered into force.

Chanel filed a complaint and requested the seizure of the products. In the decision of the Criminal Court of First Instance dated February 26, 2013, the Court held that since the act of importation/transit was not listed as an offense of Article 61/A of the (then applicable) Decree Law No. 556 relating to criminal acts of trademark infringement, the defendants should be acquitted; under the Decree Law No. 556 the only acts deemed to be an offense were production, offering for sale, and sale of counterfeit goods. The decision was appealed, and the Court of Cassation reversed the decision, stating that transit should be considered an offense under Articles 61/1-c and 61/A-3 of the Decree Law, and the case was remitted. The Court of First Instance subsequently found that although the act of importation/transit may be interpreted broadly to include being subject to customs proceedings in accordance with Article 61/1-c regulating trademark infringement brought before the Civil IP Courts, such acts could be subject only to civil (and not criminal) proceedings. The act of importation was therefore *not* considered a criminal offense in accordance with the Article 61/A.

That decision was further appealed to the Grand Criminal Chamber of the Court of Cassation. The Court considered the elements of the criminal offense of trademark infringement, as listed in Decree Law Article 61/A as well as those listed in Article 30 of the IPC. The civil aspects of trademark infringement under Article 61 of the Decree Law and Article 29 of the IPC could not be taken into account when evaluating criminal offenses, but reference could be made to the Customs Code in defining the nature of the act.

The Grand Criminal Chamber held that counterfeit goods in transit *would* fall within the scope of Article 30 of the IPC, but *not* within the scope of Article 61/A of the Decree Law, in force at the time when the act of trademark infringement occurred. Acts amounting to an offense under criminal law cannot be broadened or extended without a direct reference to another legal provision, so the relevant civil aspects could not be taken into account. According

¹²⁸ Judgment No. 2020/253 in Case No. 2017/67, dated June 2, 2020.

to the Turkish Criminal Code, a law that enters into force after the date of the crime can only be applied if the new provision for the matter is in favor of the accused, so the Grand Chamber determined that it could not be applied retrospectively.

Nevertheless, the decision does make clear that the transit of counterfeit products would constitute a criminal offense from the date of implementation of the IPC onwards. This may be contrasted to civil trademark infringement proceedings, where it is still a matter of some debate as to whether transit amounts to an act of civil infringement. It is not readily accepted by the civil courts, thus making criminal enforcement proceedings the clearer option.

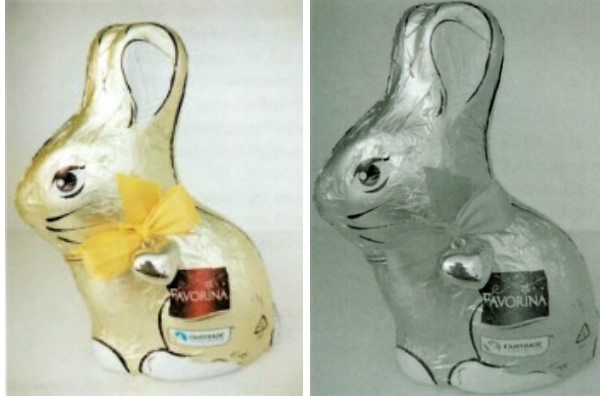
**10. Switzerland—Swiss Federal Supreme Court—
What is the scope of trademark protection for the
infringement of a three-dimensional mark and how
do differences in shape and ornamentation impact
the likelihood of confusion?**

In *Lindt & Sprüngli v. Lidl*,¹²⁹ the Swiss Federal Supreme Court considered infringement claims brought by Lindt & Sprüngli against the supermarket Lidl, based on two three-dimensional trademarks (below, illustrations A and B), seeking to prevent Lidl from advertising, offering, or selling similar chocolate bunnies, whether wrapped in gold foil or in a different color (below, illustrations C and D). The Court also considered a counterclaim for invalidity of the three-dimensional Swiss trademark registrations relied upon.



Illustrations A and B: Lindt & Sprüngli's two three-dimensional form marks—Swiss Trademark No. 696955 and No. P-536640

¹²⁹ Case 4A_587/2021 (Federal Supreme Court, August 30, 2022).



Illustrations C and D: Lidl's Gold-bunny products

Lindt & Sprüngli argued that the chocolate bunny marketed by Lidl was very similar in form and design to its own three-dimensional bunny trademarks and could be confused with them, which infringed its trademark rights. Lindt & Sprüngli had sold chocolate bunnies wrapped in gold-colored foil in practically unchanged form and design since 1952. Lidl relied upon a defense that Lindt & Sprüngli's trademarks belonged to the public domain and were therefore excluded from trademark protection (Article 2 of the Swiss Trade Mark Protection Act (TmPA)).

The Court first examined whether Lindt & Sprüngli's marks were indeed protected under Swiss trademark law because they have become established in the market. According to Article 2(a) of the TmPA, trademark protection is excluded for signs that are part of the public domain, unless they have gained secondary meaning as trademarks for the claimed goods and services. This condition is fulfilled if a significant part of the relevant public understands the sign as an exclusive reference to a specific company. To prove acquired distinctiveness, representative surveys of the relevant public can be used in addition to evidence of sales or intensive advertising efforts over time.

Lindt & Sprüngli provided such surveys, which demonstrated a very high level of recognition of the Lindt Gold-Bunnies. Lidl argued that the surveys were no more than private expert opinions, without evidentiary value, based upon Federal Supreme Court case law on the admissibility of private expert opinions as evidence in civil proceedings. At first instance, the lower court agreed with Lidl and characterized the survey results as mere party assertions rather than evidence, so secondary meaning in acquired distinctiveness was not accepted.

On appeal, the Federal Supreme Court took the opportunity to clarify the law, finding that the lower court's conclusions contradicted federal case law and ignored the requirements of trademark law. It was neither procedurally economical nor cost

efficient to deny evidentiary value to survey evidence in civil proceedings when such surveys were readily admissible before the Swiss PTO in registration proceedings. The court concluded that a demoscopic survey submitted as a party expert opinion is not to be qualified solely as a party submission:

A survey which has been scientifically conceived and correctly conducted with regard to the persons questioned and the methods used is suitable, indeed is the most suitable means of evidence, for proving trademark assertion under trademark law in civil proceedings. This is true regardless of the fact that it was introduced into the proceedings by a party. It is a document suitable to prove a legally relevant fact. . . .

The court also discounted the criticisms raised by Lidl (such as the fact that the surveys had been conducted on the Internet), finding that there was trade acceptance of the mark based on the outstanding results of the surveys. The Federal Supreme Court further held that it was obvious that Lindt & Sprüngli's marks were associated with the company by a very significant part of the public, irrespective of the quality of the evidence of the surveys and that the marks were distinctive and protectable under Swiss trademark law.

The Federal Supreme Court then examined the likelihood of confusion between the three-dimensional trademarks of Lindt & Sprüngli and the Lidl products. The court noted the particularly distinctive character of the marks, to which the Lidl bunnies were strongly and misleadingly related. The label "FAVORINA" printed on the Lidl bunnies (see illustrations C and D above) did not alter this risk. Although labeling may sometimes be effective, it cannot be assumed that a buyer with average attention would distinguish origin by reading the label. The buyer will choose familiar products based on their form and features and the other differences between the two shapes or designs, in particular the decorations and ornaments, did not have any function of indicating origin and were not capable of eliminating the likelihood of confusion. This finding applied not only to the black-and-white comparison with the mark registered without color claim (No. 696955), but equally to the mark with color claim "gold, brown, red" (No. P-536640). The relevant public will not be able to distinguish the slightly diverging shades of gold in their memory, and neither will the different colors of the meshes and pendants or the wine-red color of the "FAVORINA" sign give a different indication of origin. Hence the Federal Supreme Court upheld Lindt & Sprüngli's claims and Lidl was prohibited from advertising, promoting, importing, storing, offering, and/or selling the relevant products in Switzerland.

11. UK—IPEC—Will actual customer confusion as to a link between the parties necessarily establish a likelihood of confusion?

In the case of *UrbanBubble v. Urban Evolution*,¹³⁰ the UK Intellectual Property Enterprise Court (“IPEC”) found that the defendant had *not* infringed the claimant’s trademark, even where the defendant’s sign was similar to the claimant’s mark; the two parties provided management services in the same property; and there was evidence that customers had, in fact, enquired as to whether the two parties were economically linked.

The claimant, Urbanbubble Ltd. (“Urbanbubble”), and defendant, Urban Evolution Property Management Ltd. (“UEPM”), were property management companies, operating in the same geographical area. In March 2018, UEPM’s website went live, featuring its trading name as “urbanevolution” and its logo (below right, the “Old Logo”). The trading name was similar to “urbanbubble,” with both appearing as one word in lower case and containing the word “urban”; and the Old Logo was similar to Urbanbubble’s logo (below left).



On discovering this, Urbanbubble requested that UEPM change the Old Logo but made no request that it change its trading name. UEPM’s website was updated with a new logo, which did not resemble Urbanbubble’s logo, although the trading name “Urban Evolution” (the “Sign”) remained. Urbanbubble’s director later emailed UEPM to confirm that the matter concerning the logos “had been resolved.”

Both Urbanbubble and UEPM managed units within a property based in Liverpool, England (the “Property”): Urbanbubble managed its residential units, while UEPM managed its commercial units. UEPM subsequently took over management of all units in the Property and began to receive communications from third parties inquiring as to whether Urbanbubble and UEPM were connected entities. Urbanbubble brought an infringement claim in the UK IPEC for likelihood of confusion under Section 10(2) of the TMA 1994 and sought to rely on the third-party communications. It also claimed that UEPM’s use of the Sign took unfair advantage of, and was detrimental to, the distinctive character of its trademark,

¹³⁰ Urbanbubble Ltd. & Ors. v. Urban Evolution Property Management Ltd. & Ors., [2022] EWHC 134 (IPEC).

URBANBUBBLE (the “Trademark”) under Section 10(3) of the TMA 1994.

The Court stated that its assessment of likelihood of confusion was to be based on likelihood of confusion *caused by similarities between* the Trademark and the Sign, rather than confusion caused by the fact of UEPM replacing Urbanbubble in its role of managing the residential units in the Property. Likelihood of confusion also needed to be under “circumstances typically encountered” by the average consumer.

It was agreed that the “average consumer” would not be a tenant of the buildings. Such consumers were characterized by a greater degree of consideration of the services offered under the Sign than might otherwise be expected. The Court found that there were two categories of average consumer, both of which were groups of professional businesspeople. A likelihood of confusion on the part of *either* of these average consumers would be sufficient to establish infringement:

1. Freeholders of buildings requiring management services of the type provided by the parties, such as property developers; and
2. Investors who owned units in the buildings managed by the parties, using their property management services.

Although Urbanbubble showed evidence indicating that two investors *did* think there was a likelihood that Urbanbubble and UEPM were linked in some way, they were not certain of this. The Court found that this was not a fully formed belief of a link between the parties: “at most,” there was a risk that the average consumer would regard a link between the parties as a “likely possibility.” This was insufficient to establish a likelihood of confusion, so the claim under Section 10(2) of the TMA 1994 failed.

In relation to the extended protection for marks with a reputation (Section 10(3) of the TMA 1994), Urbanbubble was able to show evidence that it did have a significant reputation; and the Sign would, when seen by the average consumer, bring to mind the Trademark, thereby establishing a link between the two. However, the claim failed on the question of harm to the claimant or benefit to the defendant arising from such a link. On unfair advantage, the Court found insufficient evidence that use of the word “URBAN” had provided any tangible benefit to UEPM, so this ground failed. Urbanbubble’s claim that UEPM’s use of the Sign caused detriment to the distinctive character of the Trademark also failed. Urbanbubble had not provided evidence that UEPM’s use of the Sign had caused customers to act economically in a manner detrimental to them.

Although the Court did not need to decide the issue, it stated that even if one of the above grounds under Section 10(3) of the TMA

1994 had been made out, Urbanbubble's consent to UEPM's use of its new logo would have qualified as due cause. The Court noted that Urbanbubble had required UEPM to change only its logo, *not* its trading name, and this condition had been met when use of the new logo began. Consequently, Urbanbubble had impliedly consented to the use of the trading name "Urban Evolution" (i.e., use of the Sign) in that it had unequivocally renounced its intention to enforce its exclusive trademark rights in relation to it. This constituted consent under Section 9 of the TMA 1994, meaning that UEPM would have had a defense even if trademark infringement had been found.

This case serves as a useful reminder to trademark proprietors that even where there is evidence of actual confusion between two entities relating to identical services by consumers, this will not necessarily establish a likelihood of confusion in the mind of the *average consumer*. In this instance, although there had been confusion among the average consumer, the circumstances were not deemed to be those in which the average consumer would *typically* encounter the Sign. The confusion occurred in the context of UEPM taking over services previously provided by Urbanbubble, rather than because of any similarity between the Trademark and the Sign.

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.

A trademark proprietor in Europe may find the route to enforcement is ultimately barred by statutory acquiescence under Article 9(1) and (2) of the 2015 TM Directive and Article 138(2) of the 2017 EUTM Regulation. These provide that the proprietor of an earlier trademark who has *knowingly* acquiesced to the use of a later trademark for five consecutive years may not apply for invalidity or opposition proceedings against that mark.

Article 14 of the 2017 EUTM Regulation (together with Article 14 of the 2015 TM Directive) sets out various restrictions and limitations to ensure certain "descriptive" uses of a mark or term may not amount to an infringement, or where use of a mark or term is necessary to indicate spare parts, compatibility, or intended use of a product or service, all of which might otherwise have the effect of limiting fair competition and improperly expanding the scope of protection of a trademark proprietor's rights. Such defenses are not absolute but apply only where such use is in accordance with "honest practices" in the relevant context.

Proprietors of national marks in EU member states may also face a limitation on their ability to prevent the use of a third party

earlier right that applies in a particular locality (Article 14(3) of the 2015 TM Directive).

Other common instances of limitation arise from the ability (or otherwise) of trademark proprietors to object to further commercialization of their goods once lawfully placed on the market, more commonly known as “exhaustion,” set out in Article 15 of the 2017 EUTM Regulation and Article 15 of the 2015 TM Directive. Again, the ability of a trademark proprietor to interfere with “downstream” use of the relevant mark may have an impact on fair competition and the proper functioning of the market.

Cases in this Part VII are characteristic in considering the balance the law must strike between fair competition and the rights of a trademark proprietor in a particular circumstance. This is no better illustrated than in parallel trade, which must consider the entitlement of a third party to (further) commercialize goods lawfully placed on the market with the rights of a proprietor to limit such acts where it might in some way harm the trademark. In November 2022, the CJEU delivered judgments in no less than four cases related to parallel trade of pharmaceutical products (in *Novartis v. Abacus*, *Bayer v. Kolhpharma Merck Sharp, Impexco v. Novartis*, and *PI Pharma v. Novartis*), providing useful guidance as to when parallel importers of medicinal products may lawfully repackage those products to access a local market and when EUTM proprietors may oppose the manner and form of such repackaging where it is damaging to the trademark(s) in question. Elsewhere, the Supreme Court of Poland also considered whether the rebranding of a medicinal product by a parallel importer to use a locally recognized trademark of the producer constituted an act of trademark infringement, and the Supreme Court of the Netherlands examined which party should bear the burden of proof in establishing trademark exhaustion in cases involving a selective distribution system.

Cases in 2022 also explored some of the other limitations on enforcement for trademark proprietors. In *X BV v. Classic Coach Company vof and Others*, the CJEU considered in depth the meaning of “earlier rights” (now under Article 14(3) of the 2015 TM Directive), which prevent an owner of a registered trademark from “prohibiting a third party from using in the course of trade an earlier right which only applies in a particular locality.” In *HEITEC AG v. HEITECH Promotion GmbH*, the CJEU considered whether sending a warning letter alleging trademark infringement was sufficient to “stop the clock” on statutory acquiescence arising as a result of the five-year limitation period set out in Article 9(1) and (2) of the 2008 TM Directive and Article 111(2) of the 2009 EUTM Regulation.

B. Legal Texts

Article 14 of the 2017 EUTM Regulation

1. An EU trade mark 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 trade mark for the purpose of identifying or referring to goods or services as those of the proprietor of that trade mark, in particular, where the use of that trade mark 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 practices in industrial or commercial matters.

Article 15 of the 2017 EUTM Regulation

1. An EU trade mark 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 trade mark 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 138 of the 2017 EUTM Regulation

Prior rights applicable to particular localities

1. The proprietor of an earlier right which only applies to a particular locality may oppose the use of the EU trade mark in the territory where his right is protected in so far as the law of the Member State concerned so permits.
2. Paragraph 1 shall cease to apply if the proprietor of the earlier right has acquiesced in the use of the EU trade mark in the territory where his right is protected for a period of five successive years, being aware of such use, unless the EU trade mark was applied for in bad faith.

3. The proprietor of the EU trade mark shall not be entitled to oppose use of the right referred to in paragraph 1 even though that right may no longer be invoked against the EU trade mark.

Article 9 of the 2015 TM Directive

Preclusion of a declaration of invalidity due to acquiescence

1. Where, in a Member State, the proprietor of an earlier trade mark as referred to in Article 5(2) or Article 5(3)(a) has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, that proprietor shall no longer be entitled on the basis of the earlier trade mark to apply for a declaration that the later trade mark is invalid in respect of the goods or services for which the later trade mark has been used, unless registration of the later trade mark was applied for in bad faith.
2. Member States may provide that paragraph 1 of this Article is to apply to the proprietor of any other earlier right referred to in Article 5(4)(a) or (b)
3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later registered trade mark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later trade mark.

Article 14 of the 2015 TM Directive

Limitation of the effects of a trademark

1. A trade mark 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 goods or services;
 - (c) the trade mark for the purpose of identifying or referring to goods or services as those of the proprietor of that trade mark, in particular, where the use of the trade mark 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 practices in industrial or commercial matters.
3. A trade mark 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 recognised by the law of the Member State in question and the use of that right is within the limits of the territory in which it is recognized.

Article 15 of the 2015 TM Directive

Exclusion of rights conferred by a trademark

1. A trade mark 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 trade mark by the proprietor or with the proprietor's 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.

C. Cases

1. EU—CJEU—What constitutes an “earlier right” in a particular locality in the Trade Mark Directive to determine limitation of an EUTM’s enforcement rights?

In *X BV v. Classic Coach Company vof and Others*,¹³¹ the CJEU considered the meaning of “earlier rights” within Article 6(2) of the 2008 TM Directive,¹³² which prevents an owner of a registered trademark from “prohibiting a third party from using in the course of trade an earlier right which only applies in a particular locality.”

The case provides a helpful analysis of how Directive 2008/95 interacts with earlier rights, particularly where multiple concurrent earlier rights may exist. The CJEU clarified that there is no requirement for the owner of the “earlier right” to be able to prohibit the use of the registered mark. It further held that a trade name could qualify as an Article 6(2) “earlier right” even if the owner of the registered trademark had an even earlier right that predated it,

¹³¹ Case C-112/21; EU:C:2022:428.

¹³² Now Article 14(3) of the 2015 TM Directive.

but only to the extent that that trademark proprietor had lost the ability to rely on its earlier right to prohibit the use of the “earlier right.”

The case related to alleged trademark infringement of a Benelux word mark brought by X, a Dutch company specializing in coach transportation services. The Benelux word mark corresponded to the owner of X’s surname. The defendants were X’s nephews and their competing business, Classic Coach, which was incorporated in 1995. The back of the defendants’ displayed sign, which included their late father’s first initial and surname (the defendants had inherited the coach business from their late father). The Benelux mark was not registered until January 15, 2008, which was after the defendants started using the sign. X had been using its owner’s surname as a trade name for a significant period prior to the use of the sign by the defendants. However, it had lost its right to prohibit the defendants’ use of the trade name as a result of acquiescence.

X brought an action before the District Court in The Hague, Netherlands, seeking an order that the defendants cease all infringement of the Benelux word mark. X’s action was successful at first instance, but the judgment was overturned on appeal to the Court of Appeal of The Hague, on February 12, 2019. X appealed to the Supreme Court of the Netherlands, which, having considered the issues in the case, sought clarification as to the meaning of “earlier rights” in Article 6(2) of Directive 2008/95, referring the following questions to the CJEU for a preliminary ruling:

- 1) For the purposes of determining whether there is an “earlier right” of a third party as referred to in Article 6(2) of Directive 2008/95,
 - a. Is it sufficient that, prior to the filing of the trade mark, that third party had made use in the course of trade of a right which is recognised by the laws of the Member State in question; or
 - b. Is there a requirement that that third party, on the basis of that earlier right, under the applicable national legislation, is entitled to prohibit the use of the trade mark by the trade mark holder?
- 2) In answering Question 1, is it also relevant whether the trade mark holder has an even earlier right (recognised by the laws of the Member State in question) in relation to the sign registered as a trade mark and, if so, is it relevant whether the trade mark holder may, on the basis of that even earlier recognised right, prohibit the use by the third party of the alleged ‘earlier right’?

In respect of the first question, the CJEU considered that the key issue was whether Article 6(2) of the 2008 Directive required

the owner of the “earlier right” to be able to *prohibit* the use of the registered mark to take effect.

The CJEU’s starting point in defining an “earlier right” was the equivalent concept in international intellectual property conventions, particularly the TRIPS Agreement of 1994. To qualify as an “earlier right,” an unregistered mark would need to:

- a. *Fall within the scope of “intellectual property” under Article 1(2) of the TRIPS Agreement.* A trade name such as the one in dispute would clearly fall within that scope.
- b. *Be an existing right, under Article 16(1) of the TRIPS Agreement.* This would require it to fall within the temporal scope of the TRIPS Agreement and still be protected at the time that it was relied upon.
- c. *Pre-date the grant of the trademark.* This requirement was an expression of the principle of the primacy of the prior exclusive right.
- d. *Bear the same meaning as Article 4(4)(c) of the 2008 TM Directive.* While the two articles served different purposes, the concept of “earlier right” used in the two provisions was considered to have the same meaning. The definition within Article 4(4)(c) included trade names, and these were therefore considered to be capable of forming the basis for an “earlier right.”

While Article 6(2) sets out several requirements necessary before it will take effect, it did not in any way provide that, in order to be able to assert the same right against the proprietor of a later mark, the third party must be able to prohibit the use of that mark. Unlike Articles 4(4)(b) and (c), which deal with the grounds for refusal or invalidity based on earlier rights, Article 6(2) was restricted to a limitation of the rights conferred by a registered trademark.

The requirements under Article 6(2) included that the “earlier rights” must apply to a “particular locality.” This meant that, from a geographical point of view, “earlier rights” could not cover a territory as large as that covered by a registered trademark, since that mark normally covers the whole of the territory for which it was registered. As such, an “earlier right” within the context of Article 6(2) may struggle to meet the threshold required to prohibit the use of a registered trademark, but nonetheless be capable of protection under Article 6(2).

If Article 6(2) was solely applicable to “earlier rights,” which entitle their proprietor to prohibit the use of the subsequent mark, this would deprive the provision from all practical effect, as it would treat the conditions for the application of Article 6(2) in the same way as the conditions for the application of the further grounds for refusal or invalidity set out in Article 4(4)(b). There would be no

practical reason to make use of Article 6(2), as the owner of the “*earlier right*” would be entitled to take matters one step further and seek to invalidate the mark. The CJEU thus concluded that it was not necessary for an “*earlier right*” to be capable of prohibiting the use of the later registered trademark.

In respect of the second question, the CJEU commented that the 2008 TM Directive did not govern the relationship between the various rights that may be classified as “*earlier rights*,” but the relationship between those rights and registered trademarks. Such *earlier rights* are not determined by the Trade Marks Directive, but instead by the domestic law of the Member State concerned. What matters for the application of Article 6(2) is that the right relied on by the third party is still protected at the time at which the infringement claim is alleged by the proprietor of the registered trademark.

Therefore, the fact that the owner of the registered trademark has an even earlier recognized right than the third party’s “*earlier right*” is relevant only if the former can be used to prohibit the use of the latter. In that situation, the third party’s trade name may not be valid under the domestic law of the Member State and would therefore not qualify as an “*earlier right*” within the meaning of Article 6(2).

2. EU—CJEU—Can a warning letter stop the clock on statutory acquiescence?

The proprietor of an earlier trademark who has knowingly acquiesced to the use of a later trademark for five consecutive years may not apply for invalidity or opposition proceedings. In *HEITEC AG v. HEITECH Promotion GmbH*,¹³³ the CJEU confirmed that merely sending a warning letter alleging trademark infringement was insufficient to prevent statutory acquiescence arising because of the five-year limitation period set out in Article 9(1) and (2) of the 2008 TM Directive¹³⁴ and Article 111(2)¹³⁵ of the 2009 EUTM Regulation.

HEITEC AG (“Heitec”) was the proprietor of an EUTM for the word mark HEITEC, registered in 2005. The opponent, HEITECH Promotion GmbH (“Heitech”), applied for the registration of a comparable word mark HEITECH PROMOTION on September 17, 2002, as well as a figurative mark also featuring the word element “Heitech” on February 6, 2008. The marks were registered on February 4, 2003, and November 20, 2009, respectively.

¹³³ [2022] EU Case C-466/20.

¹³⁴ Now Article 9(1) and (2) of the 2015 TM Directive.

¹³⁵ Now Article 138(2) of the 2017 EUTM Regulation.

In late 2004, Heitech contacted Heitec by letter to see if they could reach a formal agreement to coexist but received no reply. However, some years later, in July 2008, Heitec became aware of the figurative EUTM bearing the word element “Heitech.” However, it did not contact Heitech until almost a year later. In April 2009, Heitec sent a letter of warning to Heitech regarding its use of the trade name “HEITECH Promotion GmbH” and subsequent application for the EU figurative mark.

Three years after its initial warning letter, the Nuremburg Regional Court received a request from Heitec to initiate proceedings against Heitech through an application dated December 15, 2012. The claim served alleged infringement by Heitech of both Heitec’s rights conferred by its trade name “Heitec” and the rights in its EUTM HEITEC and sought to prevent Heitech from identifying its company by the trade name “HEITECH Promotion GmbH,” to not affix the words “Heitech promotion” or “Heitech” on any goods, to remove its company name from the commercial register, and refrain from using or transferring the website heitech-promotion.de for commercial purposes.

However, the applicant’s failure to make an advance payment or lodge the originals of the application initiating proceedings meant that the preliminary proceedings did not start until May 16, 2014. Finally, a notice was served to Heitech on May 23, 2014.

At first instance, the Regional Court ordered Heitech to pay the claimant EUR 1,353.80, plus interest, for the amount it had cost Heitec to send the warning letter. The court rejected all other claims brought by Heitec. After a subsequent ruling by the Higher Regional Court, the Federal Court of Justice decided to stay the proceedings and refer the case to the CJEU to seek guidance on the following issues:

- (1) Whether Articles 9(1) and (2) of the 2008 TM Directive and Article 111(2) of the 2009 EUTM Regulation should be interpreted as meaning that an act that does not bring an administrative or judicial appeal (such as a warning letter) ends “acquiescence” within the meaning of said provisions; and
- (2) As to what date is decisive for calculating the five-year period for acquiescence—i.e., whether this was the date in which the claimant brought the action or the date of receipt of the action by the defendant?

For the first question, it was necessary to clarify what is meant by “acquiescence.” The word holds the same meaning in both the 2008 TM Directive and the 2009 EUTM Regulation, being that the proprietor of an earlier mark remains inactive, despite its attention being brought to the use of a later mark that it could seek to prevent. By failing to take action in the form of remedies available to it, the

proprietor is said to have “acquiesced” to such use. In determining whether a warning letter could end or pause acquiescence, the CJEU referred to its judgment in *Levi Strauss*,¹³⁶ stating that the period of acquiescence seeks to draw the fine balance between the interest that the trademark proprietor has in safeguarding its essential function and the interests of other economic operators in the use of signs capable of denoting their goods and services. The period of limitation also serves as a restricted protection for only those proprietors who can demonstrate sufficient vigilance through evidence of challenging other (allegedly) infringing marks. While a warning letter could interrupt the five-year period of acquiescence, it could do so only if, following an unsatisfactory response to the warning letter, the proprietor continues to express its opposition and then takes measures to enforce its rights. If a warning letter alone could interrupt the five-year period, a proprietor could avoid acquiescence simply by sending a simple warning letter every five years, negating the practical and legal value of the provisions. A warning letter alone therefore cannot stop acquiescence nor interrupt the five-year limitation period.

Initiating administrative or court action would, of course, end acquiescence and stop the limitation period. The second question concerns Heitec’s considerable delays in pursuing proceedings against Heitech. The five-year limitation period in this case commenced in 2008 and expired in 2013. While Heitec’s original application initiating proceedings (December 15, 2012) fell within the limitation period, the preliminary proceedings did not start until May 2014.

In this case, the court held that while normally the date on which the application initiating proceedings is lodged should be taken as the date in which an administrative or court action is issued, Heitec’s failure to make an advance payment or lodge the originals of the application raised questions as to the seriousness of the proprietor’s intentions to bring an action against Heitech. The limitation period stopped only in May of 2014, when Heitec rectified its initial application, by which time statutory acquiescence had already arisen. Further, where an applicant has been time-barred from opposing use of a latter mark, it is also time-barred from bringing any ancillary or related claims to that opposition.

3. EU—CJEU—When can an EUTM proprietor object to the repackaging of parallel imported medicinal products?

In November 2022, the CJEU delivered judgments in four cases related to parallel trade of pharmaceutical products. In doing so, it

¹³⁶ Case C-145/05, *Levi Strauss & Co v. Casucci Spa*.

provided useful guidance as to when parallel importers of medicinal products are allowed to repackage those products and when EUTM proprietors may oppose the manner and form of such repackaging. In its rulings, the CJEU provided its interpretation on several questions referred to it by the German (*Novartis v. Abacus*¹³⁷ and *Bayer v. kohlpharma*¹³⁸) Danish (*Merck Sharp*¹³⁹) and Belgian national courts (joined cases *Impexco v. Novartis*¹⁴⁰ and *PI Pharma v. Novartis*¹⁴¹). The rulings confirmed that Directive 2001/83 does not *automatically* permit a parallel importer to repackage (rather than relabel) a medicinal product where relabeling would leave visible traces of the outer packaging having been opened. Where this occurs, repackaging is allowed only if the conditions laid out by the CJEU in *Bristol-Myers Squibb*¹⁴² are met. In relation to the repackaging of generic pharmaceuticals, these can be repackaged and rebranded by a parallel importer only in specific circumstances.

Repackaging where the outer packaging has visibly been opened

The disputes in Germany concerned the marketing in that state of medicinal products manufactured by Novartis and Bayer, respectively. Their products were parallel imported from other EU countries by Abacus in the former and kohlpharma in the latter. The Danish dispute involved seven sets of proceedings between several manufacturers of medicinal products and related to the parallel import into Denmark of medicinal products placed on the market in other EU countries by those manufacturers. In some of the Belgian cases, the trademark of the manufacturer was affixed to the new outer packaging, and in others, it was replaced with a new product name (although with the indication on the new outer packaging and leaflet that the products correspond to those manufactured under the manufacturer's mark).

In both the German and Danish disputes, the CJEU held that the proprietor of an EUTM may oppose a parallel importer's repackaging of a medicinal product where this would leave visible traces of opening on the outer packaging (i.e., would interfere with the anti-tampering device), provided that: 1) those traces are clearly attributable to the parallel importer's repackaging; and 2) in the specific member state, those traces do not lead to resistance from a

¹³⁷ Novartis Pharma, [2022] EUECJ Case C-147/20.

¹³⁸ Bayer Intellectual Property, [2022] EUECJ Case C-204/20.

¹³⁹ Merck Sharp & Horne and Others, [2022] EUECJ Case C-224/20.

¹⁴⁰ Impexco NV v. Novartis AG, [2022] EUECJ Case C-253/20.

¹⁴¹ PI Pharma NV v. Novartis AG & Novartis Pharma NV, [2022] EUECJ Case C-254/20.

¹⁴² Bristol-Myers Squibb and Others, EU:C:1996:282; Joined Cases C-427/93, C-429/93, and C-436/93.

significant proportion of consumers against repackaging the products that is strong enough to constitute a barrier to effective access to that market. The existence and extent of this resistance is to be assessed on a case-by-case basis by the national courts.

The CJEU also held that:

1. Repackaging and relabeling are equivalent in principle, as regards the efficacy of the safety features required by EU law—i.e., neither is inherently superior (or inferior) to the other. Consequently, any national law requiring that parallel imported products *must* be repackaged rather than relabeled (as was the case in Denmark) was contrary to EU law.
2. Even where a parallel importer reaffixes only the mark of the manufacturer of the repackaged product but not the other marks which appeared on the original outer packaging, this can be opposed if the new outer packaging might damage the reputation of the manufacturer's trademark or adversely affect its ability to indicate the origin of the goods.
3. The unique identifier on the outer packaging required under EU law can consist of an adhesive label, if: i) it cannot be removed without being damaged; and ii) it remains perfectly readable throughout the supply chain.

Repackaging and rebranding generic pharmaceutical products

The Belgian joined cases related to proceedings brought by parallel traders, Impexco and PI Pharma, against Novartis. The parallel traders repackaged generic medicinal products (the relevant EUTMs were owned by Novartis through its Sandoz division) and affixed EUTMs relating to the *original* reference medicinal products (the EUTMs of which were also owned by Novartis). The Belgian courts held that this constituted trademark infringement. Following appeal by the parallel traders, the Belgian courts asked the CJEU in what circumstances the repackaging and rebranding of generic medicinal products might still be opposed by an EUTM proprietor.

The CJEU held that a party who is the owner of an EUTM for a reference medicinal product *and* an EUTM for a generic medicinal product can oppose parallel importation of a generic product that has been repackaged, where the new outer packaging bears the EUTM of the reference medicinal product, unless: 1) the products are identical in all respects; and 2) the replacement of the EUTM satisfies all of the conditions set out in *Bristol-Myers Squibb*. These are that:

1. The opposition to the repackaging would artificially partition the markets between EU states;
2. The repackaging cannot affect the original condition of the product inside the packaging;
3. The new packaging states clearly who repackaged the product and the name of the manufacturer;
4. The presentation of the product is not liable to damage the reputation of the EUTM and its proprietor; and
5. The importer gives notice to the proprietor of the mark before the repackaged product is put on sale and, on demand, supplies it with a specimen of the repackaged product.

As for the conditions in *Bristol-Myers Squibb*, where repackaging is necessary for the imported product to be marketed in the importing country, this can result in artificial partitioning of EU markets. There is no artificial partitioning if the parallel importer can market the product under its own trademark by adapting the packaging so that it satisfies the requirements of the importing EU country. Moreover, an EU member state cannot refuse to grant a parallel import license for a generic medicinal product where the corresponding reference medicinal product has marketing authorization in that state unless such refusal was exercised to protect human health and life.

The national courts in Germany, Denmark, and Belgium must now apply the CJEU's guidance in each of the four cases, to examine whether in all the circumstances of each case, the EUTM proprietor's trademark rights have been exhausted and whether there has been infringement by the respective parallel importers.

4. Benelux—Amsterdam Court of Appeal (The Netherlands)—What amounts to a “valid reason” as a defense to trademark infringement?

In its decision of June 28, 2022, in *Jiskefet/Noblesse*,¹⁴³ the Court of Appeal of Amsterdam did not consider that the use of a trademark in a book title would amount to infringement, among others, because of a “valid reason” defense. The publisher Noblesse had published a book entitled *Jiskefet Encyclopedie* (translated from Dutch: *Jiskefet Encyclopedia*). *Jiskefet* is a well-known Dutch absurdist-humoristic television show that was broadcast from 1990 through 2005. JISKEFET is also a registered Benelux trademark and *Jiskefet* claimed that Noblesse had infringed it through the publication of the book.

¹⁴³ Court of Appeal Amsterdam, June 28, 2022, ECLI:NL:GHAMS:2022:1851 (*Noblesse/Jiskefet*).

According to *Jiskefet*, Noblesse's use infringed each subsection of Article 2.20(2) of the Benelux Convention on Intellectual Property. Apart from provisions (a)-(c) (which implement Article 10(2) of the 2015 TM Directive), these also include a subsection (d). This ground of infringement concerns use other than for the purposes of distinguishing goods or services, 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 (a rule in the Benelux Convention on Intellectual Property in line with Article 10(6) of the 2015 TM Directive).

The Court of Appeal ruled that the title of the book *Jiskefet* did not constitute an infringement of the Benelux trademark JISKEFET. The Court of Appeal upheld the first instance decision that there was no infringement under (a), (b), and (c) because there was no use for distinguishing goods or services, while furthermore ruling that no infringement arose under (d). In this respect, the Court of Appeal considered that, taking into account the right of freedom of information, there was a valid reason for use of the title to describe the subject matter of the publication. The Court of Appeal further stated that, in view of the admissible nature and descriptive content of the book, there is no detriment to the distinctive character of the trademark. The title only referred to *Jiskefet's* own activities, so the unique link between trademark and activities was only underlined by the publication. There was also no detriment to the reputation of the mark, because the book did not in any way appeal negatively to the trademark. Accordingly, there was no trademark infringement.

5. Poland—Supreme Court—Is a parallel importer entitled to re-brand medicinal products to use the locally recognized trademark of the producer?

In Case II CSKP 457/22,¹⁴⁴ the Supreme Court of Poland considered whether the rebranding of a medicinal product by a parallel importer to use the locally recognized trademark of the producer constituted an act of trademark infringement.

The claimant trademark proprietor offered medicine for treatment of high blood pressure and heart failure under different names in Lithuania and Poland. In 2016, the defendant informed the claimant of its intention to commence parallel import of the medicine from Lithuania to Poland, where the product would be offered in new packaging and under the trademark BENALAPRIL, being the same mark used by the defendant on the Polish market (and different to the trademark originally used in Lithuania). The claimant disagreed to the proposed product rebranding, eventually

¹⁴⁴ Case II CSKP 457/22 (Supreme Court, May 6, 2022).

filing a trademark infringement action against the parallel importer's practice of replacing the trademark affixed on the product in Lithuania with the trademark used by the claimant on the Polish market.

The parallel importer argued that such rebranding was necessary to gain effective access to the Polish market as the country of import. The importer also maintained that the 2001 Polish Pharmaceutical Law explicitly allows for marketing parallel-imported products under the name used on the Polish market.

The claimant was initially successful before the District Court, but lost before the Court of Appeal, which overturned the first instance judgment and dismissed the claim, upholding the practice of rebranding by the parallel importer. The Court of Appeal found that the parallel importer's inability to use the name already used on the relevant market for the same product would have resulted in a lack of effective access to a relevant market, which already existed in the country of import. According to the Court, the importer should not be "forced" to create a new market for the same product under a different name through marketing and promotional activities. Moreover, the Court of Appeal found that pursuant to Article 21a(9) of the 2001 Polish Pharmaceutical Law,¹⁴⁵ a parallel importer has the right to use the name already used in Poland for the equivalent imported medicinal product. According to the Court of Appeal, acting within the limits of such statutory authorization could not be considered unlawful.

The claimant filed a cassation appeal to the Supreme Court. In considering the case, the Supreme Court first referred to the five cumulative conditions set out by the CJEU in *Bristol-Myers Squibb v. Paranova*¹⁴⁶ (the "BMS Conditions"), satisfaction of which means that a trademark owner has no legitimate reasons to oppose the commercialization of the imported goods. In turn, if the parallel importer fails to satisfy these conditions, a trademark proprietor may enforce its trademark rights against the importer. In brief, the BMS Conditions require that the parallel importer must be able to demonstrate that: (i) the trademark owner's objection to the parallel trade contributes to an artificial partitioning of different EU markets (and thus disables the importer's access to the market); (ii) the repackaging does not affect the original condition of the product; (iii) the repackaging clearly states who has repackaged the product and the name of the manufacturer; (iv) the repackaging of the

¹⁴⁵ According to Article 21a(9) of the 2001 Pharmaceutical Law: "The parallel importer may market the parallel imported product under the name: 1) used in the territory of Poland, or 2) used in the Member State of the European Union or the Member State of the European Free Trade Association (EFTA)—party to the Agreement on the European Economic Area from which the medicinal product is imported, or 3) a commonly used or scientific name, bearing a trademark or the name of a parallel importer."

¹⁴⁶ Cases C-427/93, 429/93 I 436/93 (CJEU, July 11, 1996).

product is not liable to damage the reputation of the trademark and its owner; and (v) the parallel importer gives notice to the trademark owner before the product is put on sale and, on demand, supplies him with a specimen.

In overturning the Court of Appeal judgment, the Supreme Court dismissed the parallel importer's arguments that the trademark owner's actions partitioned the market and effectively denied the importer's access to it. The Court explained that the "artificial partitioning of markets" (in other words, limitation in trade) relates to the unitary nature of the market of the EU member states, and not to the market existing in the country of import (here: Poland), determined by the demand at the date the imported product is to be marketed, as claimed by the parallel importer.

The Court stressed that under the BMS conditions, effective access to the market does not mean access to the market position acquired by the producer. While trademark protection must not lead to an artificial division of the EU market into the markets of individual member states, it does not mean, however, that the trademark owner is obliged to allow parallel importers to use the mark freely just because the lack of such permission would put them at a disadvantage on the market.

The Supreme Court stated that an attempt to benefit from the locally recognized trademark used in place of the original trademark from the country of export constitutes an attempt to secure a commercial advantage and thus does not satisfy the condition of necessity under the BMS conditions. Finally, the Supreme Court clarified that Article 21a(9) of the 2001 Polish Pharmaceutical Law does not constitute a legal basis for parallel importers to use third-party trademarks. The Court explained that this provision merely implies an administrative obligation of the importer to use a name that falls into one of the categories contained in the cited provision. It does not, however, grant any right to the parallel importer to use trademarks owned by others. Any other interpretation of this provision would deprive trademark owners of trademark protection.

6. Benelux—Dutch Supreme Court (The Netherlands)—Who bears the burden of proof in establishing trademark exhaustion?

In *Sporttrading c.s./Converse, Kesbo*,¹⁴⁷ the Dutch Supreme Court determined that a trademark subject to an exclusive distribution system does not automatically create a "real risk of partitioning of national markets," resulting in a shift of the burden of proof for exhaustion in all cases.

¹⁴⁷ Dutch Supreme Court, December 23, 2022, ECLI:NL:HR:2022:1942 (*Sporttrading c.s./Converse, Kesbo*).

In this case, Converse had seized a batch of footwear at Sporttrading, which, after examination, proved to include footwear not produced by or with the consent of Converse. Converse used an exclusive distribution system and among others claimed a declaratory judgment ruling that Sporttrading infringed its trademark rights. In its defense, Sporttrading claimed the trademark rights in the goods had been exhausted.

A core question to be decided by the court concerned the proper allocation of the burden of proof. The Dutch Supreme Court first noted that in exhaustion cases, the defendant invoking it bears the burden of proof. In *Van Doren/Lifestyle*,¹⁴⁸ the CJEU had determined that the burden of proof can be reversed if the alleged infringer succeeds in establishing that there is a real risk of partitioning of national markets if he himself bears the burden of proof (particularly where the trademark proprietor markets his products in the European Economic Area using an exclusive distribution system). In that case, it is for the proprietor of the trademark to establish that the products were initially placed on the market outside the European Economic Area by him or with his consent. If such evidence is adduced, it is for the third party to prove the consent of the trademark proprietor to subsequent marketing of the products in the European Economic Area.

In the previous instance, the Court of Appeal had considered that Sporttrading had the burden of proof. The court among others considered that there is no real risk of partitioning of national markets because Sporttrading itself had stated that Converse distributors ordered the footwear they wanted, that they could freely trade in such in Europe, and that Converse was not in control of its distributors (and did not take any action).

Before the Supreme Court, Sporttrading took the position that the use of an exclusive distribution system *in itself* is sufficient to shift the burden of proof. The Dutch Supreme Court, however, dismissed this argument and concluded that the use of an exclusive distribution system does not automatically imply that there is a real risk of partitioning of national markets if the alleged infringer bears the burden of proof. The alleged infringer must still show that there is a *real* risk in such circumstances.

VIII. PRACTICE AND PROCEDURE

A. Introductory Comments

This final Part VIII contains cases that are of more general interest to brand owners and trademark practitioners, containing important points of principle or updates on trademark practice and

¹⁴⁸ CJEU, April 8, 2003, ECLI:EU:C:2003:204 (*Van Doren/Lifestyle*).

procedure affecting EUTMs or national trademarks in the EU or other European countries.

The last edition of this Review considered in some detail the change in procedure for appeals from the General Court to the CJEU, which has significantly reduced the number of trademark cases heard by the CJEU. The CJEU's decision in *Sony v. EUIPO* once again emphasized the high bar set, since appellants must not only identify any alleged errors of law committed by the General Court but also explain (and evidence) how their appeal raises issues that are significant to the unity, consistency, or development of EU law. The jurisdictional interaction between the EUIPO and national EUTM courts in Member States is always a topic of interest and in *KP v. TV, Gemeinde Bodman-Ludwigshafen*, the CJEU considered whether an EUTM court has jurisdiction to consider an invalidity counterclaim even after the primary claim for infringement has been withdrawn.

Cases in 2022 also brought a range of interesting issues on appropriate remedies for trademark proprietors. The Appeal Court of Alicante, Spain, considered the relevance of bad faith on the assessment of damages and associated destruction orders, particularly in relation to the treatment of third parties who were not directly subject to the claim but had received or otherwise benefited from the acts of infringement complained of. Similarly, the Brussels Business Court in Belgium gave guidance as to when an injunction with destructive measures was appropriate. Finally, the Luxembourg Court of Appeal considered the proper damages calculation for a combined trademark infringement and unfair competition claim relating to a prior domain infringement, while the Federal Supreme Court of Germany overturned existing case law relating to cease-and-desist declarations and contractual penalties relating to the breach of that undertaking.

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.

Article 125 of the 2017 EUTM Regulation

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

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.

C. Cases

1. EU—CJEU—Does the fact that a legal issue has not previously been considered by the CJEU establish an issue significant to the unity, consistency, or development of EU law?

The change in procedure for appeals from the General Court to the CJEU, discussed in detail in the previous edition of this Review, has significantly reduced the number of trademark cases heard by the CJEU. In *Sony v. EUIPO*,¹⁴⁹ the CJEU reiterated the high bar for the further determination of appeals that originated before the EUIPO Boards of Appeal (or other appellate bodies of the EU). The case emphasized that appellants must not only identify any alleged errors of law committed by the General Court but must also clearly explain and evidence how their appeal raises issues that are significant to the unity, consistency, or development of EU law.

The case related to an opposition by Sony in respect of an application for the word mark GT RACING (the “Contested Mark”) in respect of goods in Class 18, predominantly leather bags, wallets, purses, and suitcases. Sony challenged this on the basis of likelihood of confusion occurring between the Contested Mark and a number of Sony’s earlier EUTMs relating to Gran Turismo, one of its best-selling games. The earlier EUTMs included the word mark GRAN TURISMO (the “Word Mark”) and the below figurative mark (the “Figurative Mark”), which Sony argued was a stylized “GT”:



Sony argued that the likelihood of confusion between the Contested Mark and the earlier marks was heightened by the reputation and success of Gran Turismo. The opposition division rejected the opposition in its entirety, not least because it considered neither the Word Mark nor the Figurative Mark to be sufficiently similar to GT RACING.

Sony challenged the opposition division’s decision to the Board of Appeal (the “Board”), which rejected its appeal. Sony had argued that the relevant public was limited to consumers of video games and handheld gaming devices regarding the Figurative Mark. In relation to the Word Mark, the relevant public would be purchasers of printed matter with an interest in video games. The Board,

¹⁴⁹ (EU trade mark—Order) [2022] EUECJ Case C-678/21P_CO.

however, considered that the relevant public was that of the EU as a whole, with at most an average level of attention. Due to the abstract nature of the Figurative Mark, it was devoid of meaning to that relevant public such that “a phonetic and conceptual comparison was not possible.” The marks were not similar, so there was no likelihood of confusion.

Decision of the General Court

Sony appealed further to the General Court, arguing that the Board had erred in its application of several points of law.

The first related to identification of the relevant public. The General Court held that the goods complained of did not require any special skill or knowledge for their purchase and were available to the general public. It was therefore not relevant whether there was an overlap between the consumers of goods for which the earlier EUTMs were registered and those that the mark applied for covered, as there was nothing restricting the sale of the goods in question to consumers of goods of the earlier marks. This meant that the Board had correctly identified the relevant public as the EU as a whole, rather than the narrower subset of the relevant public proposed by Sony.

Regarding the perception by the relevant public, the General Court held that for similarity to exist, the relevant public would need to view them as at least in part identical. The Board had not erred in finding that the relevant public would not perceive the Figurative Mark as comprising the two letters “G” and “T,” as only those acquainted with the abbreviation would recognize it. The Court also concluded that the reputation of the Figurative Mark and its particular distinctive character were only relevant when assessing likelihood of confusion, and not when assessing the similarity of the marks at issue. Consequently, the General Court held that the Board had not erred in considering the perception of the Figurative Mark by the relevant public and rejected Sony’s appeal in its entirety. Sony appealed this decision to the CJEU.

Decision of the CJEU

Although Sony’s appeal contained five grounds, three of these lacked the level of specificity and detail required by the CJEU, so were dismissed without being substantively assessed.

Sony’s first ground of appeal was that the General Court had not engaged the criterion concerning the overlapping public, and so failed to take account of the wording of the goods covered by the Figurative Mark, which were more specific than those covered by the Contested Mark. This meant it had considered the Figurative Mark from the point of view of an essentially abstract consumer,

namely the general public consuming everyday goods. This, it alleged, was an error in the determination of the relevant public.

In its second ground, Sony argued that in considering the average consumer's level of attention, the General Court had failed to consider the way in which that consumer would perceive the Figurative Mark. The General Court had given precedence to its own perception of the Figurative Mark, ignoring the perception of the average consumer and failing to take account of the fame and reputation of the Figurative Mark in assessing the similarity between the marks.

Sony argued generally that the appeal was significant because of an absence of EU case law concerning an EUTM Court's obligation to examine the evidence relating to the average consumer's perception of an earlier trademark.

The CJEU began by noting that it was restricted to reviewing cases which raised significant issues relating to the unity, consistency, or development of EU law as per the change in procedure and appellate functions. With respect to Sony's first argument, the CJEU found that it had failed to explain *why* this raised such an issue that would justify a full hearing before the CJEU, because Sony provided no reasons addressing this in its submissions.

As to the second argument, the CJEU held that the fact that an issue of law had never been examined by the CJEU did not mean it was significant with respect to the development of EU law. For the appeal to be considered by the CJEU, Sony still needed to provide detailed information regarding not only the novelty of the issue under appeal, but also its significance to the development of EU law. Although Sony had broadly addressed the former, it provided no analysis regarding the latter. As there was no issue significant to the development of EU law, the CJEU dismissed the appeal in its entirety.

This decision provides a further reminder of the strict rules (and the very high bar) appellants must meet in order to be heard by the CJEU on appeals of this nature. Most cases continue to fail this test.

2. EU—CJEU—Can a counterclaim for invalidity proceed when the primary claim of infringement has been withdrawn?

In *KP v. TV, Gemeinde Bodman-Ludwigshafen*,¹⁵⁰ the CJEU ruled that an EUTM Court has jurisdiction to consider an invalidity counterclaim even after the primary claim for infringement on which the counterclaim is based, has been withdrawn.

¹⁵⁰ [2022] EUECJ Case C-256/21.

KP owned an EUTM for the word mark APFELZÜGLE in Classes 35, 41, and 43 (the “Contested Mark”). “Apfelzüge” is a common phrase in German denoting a vehicle designed for the harvesting of apples, usually consisting of trailers pulled by a tractor. TV, a fruit farm operator, and the Municipality of Bodman-Ludwigshafen (“MBL”) published promotional material for an event named “Apfelzüge,” which involved harvesting and tasting apples while riding on an Apfelzüge. KP brought an EUTM infringement claim against TV and MBL, seeking to prohibit them from using the word “Apfelzüge” with respect to the goods and services protected by the Contested Mark. TV and MBL counterclaimed for invalidity of the Contested Mark.

At the hearing, KP withdrew his infringement action in the Munich Regional Court. However, TV and MBL continued to pursue their counterclaims for invalidity. The Munich Regional Court held that the counterclaims were admissible and declared the Contested Mark invalid in respect of its Class 41 services. MBL appealed this decision to the Munich Higher Regional Court (the “Referring Court”), seeking to invalidate the Contested Mark in respect of its services under Classes 35 and 43 in addition to those under Class 41.

The Referring Court stated that it needed to assess the admissibility of the counterclaims in light of the withdrawal of the infringement action by KP, taking into account the context of Articles 122 and 129 of the 2017 EUTM Regulation. It sought guidance from the CJEU as to whether it continued to have jurisdiction as an EUTM Court to consider a counterclaim for invalidity, originally filed in defense to a claim for infringement, once that infringement claim had been withdrawn.

The CJEU recommended that a provision of EU law must be given an “autonomous and uniform” interpretation throughout the EU unless it makes express reference to the laws of Member States and, in relation to the meaning and scope of terms for which EU law provides no definition, this must be determined by reference to their usual meaning, taking into account the context in which they occur and the purposes of the rules of which they are part. Given that there was no such reference with respect to the term “counterclaim” it followed that the interpretation of that term must be uniform across the EU. The usual meaning of the term and its equivalents in other languages was “a cross-action lodged by the defendant in proceedings brought against him or her by the applicant before the same court.”

The CJEU held that although a counterclaim is initiated by means of another legal claim, it is a separate, self-standing claim, the procedure of which is independent from the main claim. Despite the link between the main action and the counterclaim, the counterclaim becomes independent of the main action and continues

to exist where the main action is withdrawn. In that respect, a counterclaim differs from a defense, as it is capable of surviving the withdrawal of the main action, whereas a defense is not.

Although the EUIPO had exclusive jurisdiction with respect to the registration and opposition of EUTMs, jurisdiction over declarations of invalidity is shared between the EUIPO and national trademark courts. One aim of this shared jurisdiction is to avoid a multiplicity of proceedings and the risk of contrary judgments. It therefore follows that an EUTM Court must be able to rule on a counterclaim brought by a defendant in an infringement action despite the withdrawal of the main action. If not, the defendant would be compelled to initiate new proceedings before the EUIPO in order to prevent any future claims by the claimant, which would be against the principle of procedural economy. If the defendant was unwilling or unable to bring a claim at the EUIPO, it would also allow the claimant to continue using an EUTM, potentially registered in contravention of the absolute grounds for refusal, in a manner which amounts to bad faith. The CJEU therefore concluded that an EUTM Court has jurisdiction in a counterclaim even when the main action has been withdrawn.

3. EU—CJEU—Does the infringing import or sale of genuine goods allow a trademark proprietor to seek destruction of those goods?

In *Perfumesco.pl sp. z o.o. sp.k. v. Procter & Gamble International Operations SA*,¹⁵¹ the CJEU ruled that even where goods are genuine, if they are sold or imported in a manner that infringes the EUTM rights of a trademark proprietor, the proprietor may seek destruction of those goods (among other remedies, as appropriate). The CJEU also considered the interpretation of Article 10(1) of Directive 2004/48/EC (the “EU Enforcement Directive”¹⁵²) and specifically, what is meant by “infringement of an intellectual property right.”

Procter & Gamble (“P&G”) is a popular producer of perfumery products, among others. It held an exclusive license with HUGO BOSS Trade Mark Management GmbH Co. KG (“Hugo Boss”) authorizing it to: 1) produce and sell Hugo Boss’s perfume bearing the EU word mark HUGO BOSS (the “Mark”); and 2) to initiate actions against infringers of the Mark. *Perfumesco.pl sp. z o.o. sp.k.* (“Perfumesco”) was a Poland-based online retailer. It sold “testers” of P&G’s popular Hugo Boss perfumes, which displayed the Mark, despite being labelled as “testers.” The testers were not intended for

¹⁵¹ (Intellectual property—Destruction of goods—Concept of “infringement of an intellectual property right”—Judgment) [2022] EUECJ Case C-355/21.

¹⁵² European Union Directive 2004/48/EC.

sale, were clearly labelled as such, and were not placed on the market in the EEA by P&G or with its consent. Perfumesco also sold products in packaging bearing the Mark, which had had their barcodes removed or covered.

P&G brought a trademark infringement action against Perfumesco in Poland for these sales. The Polish Court found that Perfumesco had infringed the Mark and ordered the remaining stock of tester perfumes bearing the Mark to be destroyed. The Polish Court of Appeal upheld this decision. It stated, *inter alia*, that a competent EUTM Court may take the measures provided for by the applicable law that it deems appropriate for protecting EUTM rights (among other IP rights). The applicable Polish legislation allowed infringing goods to be removed from the market, returned to the rightful owner *or* destroyed. In deciding on the appropriate remedy, the Court should consider the gravity of the infringement and any third party interests. In this instance, the Court held, the appropriate remedy was destruction of the goods.

Perfumesco brought a further appeal to the Polish Supreme Court. It argued that Polish legislation¹⁵³ allowing for the destruction of goods did not apply in this case because destruction of infringing goods was permitted only where those goods had been illegally *manufactured* or *marked*. Although the goods were sold illegally in the EEA, Perfumesco argued, they were genuine goods and were not illegally manufactured or marked, meaning that they could not be destroyed. The Polish Supreme Court ordered a stay of the proceedings and referred this question to the CJEU.

The reference sought the CJEU's interpretation of the EU Enforcement Directive, namely whether Polish legislation could be interpreted so as to permit the destruction of genuine gray market goods, or whether this was limited to counterfeit goods only. This required the CJEU to:

1. Interpret the meaning of “infringement of an intellectual property right” under the EU Enforcement Directive: that is, whether there is an “infringement” where EUTM rights in genuine goods were not exhausted and those goods were sold in the EEA without the EUTM proprietor's consent; and
2. Set out the conditions to be met before seeking the destruction of infringing goods could be sought.

The CJEU ruled that all goods found to infringe *any* IP right are covered by the EU Enforcement Directive, including genuine goods sold illegally. The consequence of the decision is that legislation of EU member states cannot prevent the destruction of goods where those goods infringe EUTM rights. The decision also confirmed that

¹⁵³ Article 286 of the ustawa—Prawo własności przemysłowej (Intellectual Property Law) of June 30, 2000.

the competent EUTM Court (or other court adjudicating on different IP rights) may impose the remedy appropriate to the circumstances of each case. This means that (as in this case) where EUTM rights in genuine goods have not been exhausted under Article 15 of the 2017 EUTM Regulation, the infringing sale or import of those goods means that they could be subject to destruction if the EUTM Court deems it appropriate. However, the CJEU did note that destruction of infringing goods is not *necessary* in every situation, and the competent EUTM Court would decide when it would be appropriate. The decision, so far as Poland is concerned, established that even where goods are genuine, if their sale or importation infringes the rights of an EUTM proprietor, the goods will be subject to the same potential treatment as counterfeit goods.

4. Spain—Appeal Court of Alicante—What is the relevance of bad faith to the assessment of compensatory damages?

In *FERRARI S.p.A. v. Rogelio García*,¹⁵⁴ the Appeal Court of Alicante considered a trademark and design infringement action filed by Ferrari against an individual that transformed sports cars into look-alike Ferrari models.

The defendant owned a garage and promoted his business of transforming sports cars of other brands into Ferrari models. Owners of (other brand) second-hand sports cars signed a service agreement by which the defendant would alter their cars to appear to be Ferrari models.

Ferrari commenced a police operation where four cars, spare parts, stickers, and other elements were seized. The case was ultimately allocated to the EUTM Courts of Spain, where Ferrari brought proceedings for trademark and design infringement.

The EUTM Court No. 2¹⁵⁵ originally upheld the complaint of Ferrari and ordered the defendant to cease his infringement, ordered the destruction of the four cars that had been seized, as well as all the material seized in the defendant's workshop, ordered the defendant to compensate Ferrari in damages for the infringement as well as legal costs.

The defendant appealed the decision before the Appeal Court of Alicante, solely in respect of the order for destruction of the cars and the payment of damages. The defendant admitted that his activity constituted trademark and design infringement but considered that Ferrari had not established an entitlement to damages, nor quantified what might be the appropriate amount, if so.

¹⁵⁴ Judgment 1307 of the EUTM Tribunal (Appeal Court of Alicante, Section 8) of October 25, 2022 (Appeal 258/2022).

¹⁵⁵ Judgment of May 6, 2021, EUTM Court No. 2 of Alicante, Proceedings No. 727/2019E.

Regarding the order for destruction, the defendant argued that it was not possible for him to destroy the cars, as he was not the legal owner of these cars, and such owners were not parties to the proceedings.

The Appeal Court of Alicante rejected both arguments. As for the destruction of the cars, the Court stated that only the interests of third parties acting in *good faith* should be taken into account. The Spanish Trademark Act and the Spanish Law of Designs included recall and removal from the channels of commerce and the destruction of the infringing goods within the corrective measures. Both Article 464 of the Spanish Civil Code and Recital 24 of the 2004 Enforcement Directive¹⁵⁶ establish that these corrective measures should take account of the interests of third parties including, in particular, consumers and private parties acting in *good faith*. Here, there could be no good faith because the third parties had commissioned the defendant to transform their vehicles into ones that would unlawfully incorporate the trademarks and external appearance protected by the plaintiff's intellectual property rights. They could hardly be said to be unaware of the unlawfulness of the defendant's infringing services, so should not be immune from the action for destruction.

In relation to damages, the Court considered that the infringer had knowingly engaged in an infringing activity. It noted that in cases of bad faith, the infringer must always pay the right holder damages appropriate to the actual prejudice suffered. The Court also considered that the plaintiff had chosen the criteria of the unfair profits made by the infringer, so the infringer should compensate Ferrari for the profits made with this infringing activity in the five years preceding the filing of the complaint.

5. Benelux—Luxembourg Court of Appeal—Prior domain name registration—Combination trademark infringement and unfair competition grounds—What was the fair and equitable measure of damages?

In a final judgment of November 8, 2022,¹⁵⁷ the Luxembourg Court of Appeal confirmed a first instance judgment and held that the use of the sign “myLAB” by a Luxembourg laboratory (“Laboratory A”) infringed an EU trademark for myLAB held by the Luxembourg company Health Integration Technology (HIT),¹⁵⁸ a company that creates digital solutions for medical analysis laboratories, and created confusion with the establishment of

¹⁵⁶ Directive 2004/48/EC of April 29, 2004, on the enforcement of intellectual property rights.

¹⁵⁷ https://anon.public.lu/D%C3%A9cisions%20anonymis%C3%A9es/CSJ/04_Chambre/202/20221108_CAL-2021-00725_II_A-accessible.pdf.

¹⁵⁸ Blue-pencilled as “L” in the judgment.

Bionext,¹⁵⁹ a competing Luxembourg laboratory, and free-rode on the investments of the latter (parasitism) in such a way that this practice amounts to an act of unfair competition.

Laboratory A had already registered the domain name “www.mylab.lu” and had held such registration since 2011 but only started to effectively use it beginning on June 30, 2017, whereas the application for the EU trademark “myLAB” was filed on March 15, 2017. The Court of Appeal considered that the earlier registered domain name could not, in the absence of a prior actual use, constitute an obstacle to the protection conferred to the EU trademark “myLAB.”

Another interesting element in this case was the choice of cause of action by the initial plaintiff. Initially the EU trademark holder, HIT, launched a trademark infringement action combined with a damages claim. Bionext (with the prior approval of HIT) also issued an application under general torts law and alleged that the trading of Laboratory A under the name “myLAB” created confusion with its establishment and free-rode on its investments that constituted toward it an act of unfair competition. The Court of Appeal considered that it would have been more consistent for Bionext to act as a licensee of the EU trademark and seek remedies on the basis of a trademark infringement as well.


The final important feature of this case was the court’s approach to calculating damages for trademark infringement and unfair competition. HIT, as the EUTM proprietor, sought an alternative damage calculation corresponding to Article 13(1)(b) of the Enforcement Directive¹⁶⁰ on the basis of “the amount of royalties or fees that would have been due if the infringer had requested authorization to use the intellectual property right in question.” The Court of Appeal confirmed that method of compensation was available but clarified that to claim damages on this basis, the plaintiff must adduce evidence allowing the court to verify what this amount of royalties should be. In the absence of such evidence, the Court of Appeal granted an *ex aequo et bono* compensation of EUR 20.000. As far as the unfair competition claim was concerned, the Court of Appeal granted damages for only the “loss of clientele” that could actually be proven. However, the Court of Appeal also granted an *ex aequo et bono* amount of EUR 30.000 for the “commercial trouble” created by an act of unfair competition, as well as an amount of EUR 3.000 for the promotional investment on which Laboratory A had been free-riding.

¹⁵⁹ Blue-pencilled as “C” in the judgment.

¹⁶⁰ 2004/48/EC.

6. Germany—Federal Supreme Court—If a cease-and-desist declaration is rejected, does the risk of infringement continue?

In this case,¹⁶¹ the Federal Supreme Court of Germany considered the proper contractual penalty in a cease-and-desist declaration and confirmed that the risk of repetition of a trademark infringement does not lapse if the trademark owner rejects the cease-and-desist declaration of the infringer, which changed a previously established court practice.

The plaintiff was the car manufacturer Audi, owner of an EUTM for the famous Audi logo . The defendant sold door lights for motor vehicles, with the inlay (below, left) and which projected light images (below, right):



Upon receipt of a cease-and-desist letter from the plaintiff, the defendants signed a cease-and-desist declaration. As is required by established German court practice, the cease-and-desist declaration contained a contractual penalty for each case of culpable infringement of the cease-and-desist declaration.

In German legal practice, it was considered that only a signed cease-and-desist declaration which contained a contractual penalty would be considered a genuine commitment to cease infringement of a trademark. Moreover, only a contractual penalty set high enough to deter further infringement was considered to have a deterrent effect.

In this case, the defendants' cease-and-desist declaration, accepted by the plaintiff, did not quantify the contractual penalty, but included what is known as the "Hamburg custom." A practice now in widespread use and acceptance across Germany, this is a contractual penalty to be determined by the plaintiff at its reasonable discretion and, in the event of a dispute, to be reviewed by the competent court as to its appropriateness.

The defendants later violated the cease-and-desist declaration through further acts of infringement. The plaintiff sent another cease-and-desist letter and asked for another cease-and-desist declaration, this time with a quantified contractual penalty. The

¹⁶¹ Case No. I ZR 144/21 (German Federal Supreme Court, December 1, 2022).

defendants issued another cease-and-desist declaration in accordance with the “Hamburg custom.” The plaintiff refused to accept this cease-and-desist declaration, arguing that the lack of a quantified contractual penalty meant the risk of continuing infringement remained regardless of signature of the cease-and-desist declaration.

Previous case law before the Federal Supreme Court had established that a second cease-and-desist declaration requires a contractual penalty that is higher than the first, since the violation of the first cease-and-desist declaration highlights that the original contractual penalty was not severe enough. Practice was mixed across different regional courts of appeal as to whether the second cease-and-desist declaration required a minimum amount, or whether a “Hamburg custom” might give a higher penalty, given this is at the plaintiff’s reasonable discretion. The Federal Supreme Court gave judgment to confirm that a second cease-and-desist declaration does not require a minimum amount for the contractual penalty.

On the facts, the plaintiff had rejected the cease-and-desist declaration as insufficient, raising the question of whether the threat of infringement continued in such circumstances. As the Court emphasized, where the infringer unconditionally undertakes to cease and desist from further infringements by accepting an appropriate contractual penalty, the risk of infringement is effectively removed, so injunctive relief is no longer granted.

However, here the Supreme Court considered that the obligation to pay a *contractual* penalty (as yet determined) requires the conclusion of a contract between the creditor (i.e., the trademark proprietor) and the debtor (i.e., the infringer). If, as in this case, the TM proprietor rejects the cease-and-desist declaration, the contract is not formed. Overturning prior case law that indicated acceptance was not required to establish a unilateral genuine commitment to cease infringement of a trademark despite lacking a contractual penalty, the Supreme Court now held that the absence of a contractual penalty precludes a genuine commitment to cease infringement as the infringer does not risk breach of that contractual penalty.

7. Benelux—Brussels Business Court (Belgium)— When is an injunction with destructive measures appropriate?

In a final judgment of November 30, 2022,¹⁶² the Brussels Business Court not only ordered the cessation of use of a figurative

¹⁶² French-speaking Brussels Business Court, November 30, 2022, A/22/01520, *ICIP Ing.-Cons.*, 2022.

pattern mark, but also the destruction of all goods on which the figurative mark was depicted.

Hästens is a very famous Swedish bedding manufacturing company that owns several figurative trademarks relating to patterns for goods in Classes 20, 24, and 35, particularly bedding articles. All beds are handcrafted and can immediately be recognized by a blue-check pattern applied on the mattresses and bed frames.

Hästens noticed that the Brussels-based luxury hotel XYZ¹⁶³ was using, without permission, those exact patterns on their made-in-China bedding. Hästens filed an infringement claim before the Brussels Business Court, based on multiple grounds.

The Brussels Business Court first held that the use of an identical sign for identical goods amounts to trademark infringement in the sense of Article 9(2)(a) of the EUTM Regulation and equivalent provisions under Benelux law. The court stressed that a figurative mark protects a pattern as such, regardless of its dimensions when reproduced or applied. The fact that the hotel was allegedly acting in good faith did not negate its liability.

Furthermore, the court ruled that the contested use of the figurative marks amounted to unfair market practices. By creating the impression that they were connected to Hästens or authorized by the latter to reproduce the contested patterns for bedding articles, the hotel damaged Hästens's image and reputation. Moreover, falsely giving the impression that the products are of equal quality harmed Hästens's commercial interests.

The Brussels Business Court not only ordered the hotel to cease all use of the contested patterns, but also to destroy all the infringing beds and mattresses at its own cost. According to the court, this complementary measure was proportionate and justified because it will contribute to ending the infringement. As a consequence, the hotel had to destroy the beds and mattresses in all rooms and order new ones.

¹⁶³ Blue-pencilled. "XYZ" is not the real name of the defendant.

IX. 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.”
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 was changed 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 (GC):	The EU court with jurisdiction to hear appeals from the Boards of Appeal of the EUIPO.
Member State:	A country that forms part of the European Union from time to time.
sign:	As used (but not defined) in the EUTM Regulation and the TM Directive, “sign” is used to refer to the subject matter of which a trademark may consist and is also used (in the context of trademark infringement) to refer to the offending word, device, or other symbol that the defendant is using; often used in practice when the word “mark” could be used.
Union:	The European Union.

- 2008 TM Directive:** Directive 2008/95/EC of October 22, 2008, which provides for the harmonization of the laws of the EU Member States in relation to trademarks; it codified the earlier Council Directive 89/104/EEC of December 21, 1988. This has now been amended and recast as the 2015 TM Directive, which repealed the 2008 TM Directive as of January 15, 2019.
- 2015 TM Directive:** Directive (EU) 2015/2436 of December 16, 2015, which provides for the harmonization of the laws of the EU Member States in relation to trademarks and takes over from the 2008 TM Directive.
- 2009 EUTM Regulation:** Council Regulation (EC) No. 207/2009 of February 26, 2009, which provides for EU trademarks; it codified the earlier Council Regulation (EC) No. 40/94 of December 20, 1993. This was amended by Regulation (EU) 2015/2424 of the European Parliament and of the Council (December 15, 2015) with the amendments taking effect on March 23, 2016. (However, references to the EUTM Regulation in this Review are still generally to the 2009 version of the Regulation unless stated otherwise).
- 2017 EUTM Regulation:** Council Regulation (EU) No. 2017/1001, which provides for EU trademarks. It is a codified form that reflects the amendments made by Regulation (EC) 2015/2424 to the 2009 EUTM Regulation.

Note: European trademark laws and lawyers use the term “trade mark” rather than “trademark.” However, references in this issue have been changed to “trademark” where appropriate to conform to the norms of *The Trademark Reporter*. Statutory references or direct quotes remain in the EU form.

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