

# The Trademark Reporter®



The Law Journal of the International Trademark Association

## Annual Review of EU Trademark Law

### 2019 in Review

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EU TRADEMARK LAW

2019 IN REVIEW

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## I. INTRODUCTION

### A. About this Review

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

The familiar issues of trademark use, distinctiveness, descriptiveness, and bad faith are all explored within this Review, together with topics such as trademark use, infringement, parallel trade, defenses and limitations, geographical indications (“GIs”), and notable cases illustrating changes in practice and procedure.

Questions relating to the proper test for bad faith in respect of national and EU trademark applications remained a “hot topic” in 2019, with the CJEU’s closely followed decision in *Skykick* being handed down just in time before the United Kingdom (“UK”) officially left the EU (to enter an agreed period of transition) and for publication of this decision in the 2019 Review. The *Skykick* decision was foreshadowed by the CJEU in *Koton* finding that a trademark must be declared invalid where the application to register was for the intention of undermining the interests of third parties or for obtaining an exclusive right for purposes other than for the functions of a trademark. In *Skykick*, the CJEU emphasized that a lack of clarity and precision of terms used in the specification of a mark is not an *independent* ground for invalidity (contrary to the position advanced by the Advocate General in that case). Issues relating to the scope of a specification should instead be dealt within the non-use mechanisms for trademark law. Similarly, the CJEU confirmed that the registration of a trademark without *any* intention to use in relation to the specific goods and services covered

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

by that registration may constitute bad faith, but that establishing bad faith will depend on whether there is “objective, relevant and consistent indicia” demonstrating that, at the time of filing the application, the applicant had the intention of (dishonestly) undermining the interests of third parties; or seeking an exclusive right for purposes other than those falling within the functions of a trademark. There would be no automatic finding of bad faith on the basis that the applicant had no economic activity relating to the goods and services listed in the trademark application. The emphasis of the mechanism of revocation rather than bad faith to determine such issues was also highlighted in the *#daferdas* case, where the CJEU noted that, at the time of filing an EUTM application, the applicant is not required to indicate or even to know precisely the use it will make of the trademark applied for.

Aside from bad faith, important CJEU cases in this Review include, among others, (i) the continued emphasis of the need for clarity and precision in respect of color (and other) marks in *Red Bull*, (ii) questions as to the definition of shape versus pattern in *Textilis*, (iii) the relevance of solid or dotted lines in placement of position and figurative trademarks when assessing genuine use (*Deichmann v. EUIPO*), (iv) the proper assessment of distinctiveness in variable modes of use in *#daferdas*, and (v) the impact of “disclaimers” on national trademark registers in the global assessment of confusion (*Patent-och regidtreringsverket v. Mats Hansson*).

Among the “national” decisions selected for consideration, 2019 provided another fascinating collection of cases relating to a range of issues including genuine use, the scope and validity of three-dimensional trademarks, protection for trademarks with a reputation, and acquired distinctiveness. The topic of parallel trade and free movement of goods continues to be a fertile ground for disputes between “luxury” brands and retail, examining whether particular modes of presentation, packaging, or distribution might amount to a “legitimate reason” to enforce trademark rights that would otherwise be exhausted. Of notable interest were the decisions examining the scope of protection of particular types of trademarks including monochrome trademarks, position marks, and marks comprising acronyms. Finally, national courts also considered the interaction of trademarks with related or complementary schemes of protection, including for GIs, personal names, and business names.

### ***B. Legislative Change and Terminology***

There remains some difficulty in making sweeping references to the relevant provisions of the Regulations governing EU law and the Directives governing national laws because many of the rulings reported in this Review are inevitably based on earlier iterations of

the Regulations and Directives to those currently in force. Although the “new” 2015 Directive is now in force, the 2008 Directive that it replaces 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.

As in previous editions of this Review, several of its Parts contain, in an introductory section, extracts of the most relevant provisions of the regulation and directive. Extracts given at the beginning of each part in this year’s Review are now taken from the 2017 EUTM Regulation. The texts given at the beginning now include both the provisions of the 2008 TM Directive and the 2015 TM Directive, to reflect both the subject matter of the cases discussed, and the provisions of the relevant law now in force.

### *C. Organization of Material in This Review*

As usual, the 2019 case reviews are arranged by theme with CJEU decisions appearing at the beginning, followed by the most significant national decisions (according to the authors and contributors in that jurisdiction). Each theme is contextualized with introductory comments and recurring statutory provisions. Each case note is introduced by an indication of whether the ruling is that of the CJEU, EU General Court, or national court, with an indication of the status of the relevant court concerned.

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

### *A. Introductory Comments*

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

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. Similarly, Article 3(1)(a) of the 2008 TM Directive references Article 2 of the Directive. This is an area particularly affected by the recent legislative changes, as noted in

Part B (Legal Texts) below and 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/Article 2 of the 2008 TM Directive/Article 3 of the 2015 TM Directive. If it is not, a valid registration is impossible.

The “core” aspects of absolute grounds are effectively identical as between EU trademarks and national trademarks in EU Member States. The absolute grounds for refusal relating to EU trademarks are set out in Article 7(1) of the 2017 EUTM Regulation. The absolute grounds for refusal that *must* be applied by the national trademark authorities of EU Member States under the 2008 TM Directive are set out in Article 3(1) of the 2008 TM Directive.

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

Article 7(1) of the 2017 EUTM Regulation and Article 3(1) of the 2008 TM Directive go on to provide certain specific absolute grounds for refusal relating to shape marks, marks that would be contrary to public policy, marks that would be deceptive, marks that raise issues under Article 6*ter* of the Paris Convention, and marks that contain certain GIs or designations of origin protected in the EU (see Part VIII of this Review). Article 7(1) of the 2017 EUTM Regulation now also expressly provides for absolute grounds of refusal by reference to traditional terms for wine, to traditional specialities guaranteed (“TSGs”), and to plant variety rights. Similar provisions are contained in the 2015 TM Directive, where the absolute grounds for refusal are contained in Article 4(1)(i) to 4(1)(l) of the 2015 TM Directive.

As always, the limitation as to what may (or may not) constitute a valid and enforceable trademark provides a range of thought-provoking topics in any given year. The first case from the CJEU features yet another Red Bull color mark, with *Red Bull GmbH v. EUIPO* exploring the need for clarity and precision of a dual color mark and the contrast of the graphic representation of such mark and its description providing a lack of certainty as to how the color combinations may be applied in any particular arrangement. The protection of trademarks incorporating a shape element again proved a fertile ground for dispute and analysis, with the CJEU

considering whether a two-dimensional pattern might constitute a “shape” in *Textilis* and the General Court of the CJEU considering the registrability of a mark that was the common shape of a faucet in *Brita* and in *Rubik’s*, the extent to which the internal mechanics of a shape can be taken into account for the technical result exclusions for shape marks. Before national courts, the Dutch courts examined the interaction between trademarks and designs in *Capri Sun* and the exclusion of shape marks relating to “the nature of goods” as the *Stokke* dispute returned to the Amsterdam Court of Appeal.

The question of distinctiveness, both inherent and acquired, was also a common theme this year. In *VM Vermögens-Management GmbH v. EUIPO* the CJEU considered whether, post-*IP-Translator*, the assessment of distinctive character should be by reference only to the (original) class heading or in respect of all goods/services later designated. The General Court considered the distinctive character of an Adidas “three stripe” mark and concepts such as the law of permissible variations in respect of differences between evidence, use, and the graphical representation of the mark and in *United Seafoods*, whether a trademark composed wholly of elements descriptive of the goods in question could nevertheless have distinctive character overall. National courts also considered the question of distinctiveness of trademarks comprising single letters, celebrity names, and descriptive words such as “THINS” and “FINGERS.”

## ***B. Legal Texts***

### **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 2 of the 2008 TM Directive**

A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are



capable of distinguishing the goods or services of one undertaking from those of other undertakings.

### **Article 7 of the 2017 EUTM Regulation**

#### **Absolute grounds for refusal**

1. The following shall not be registered:
  - (a) signs which do not conform to the requirements of Article 4;
  - (b) 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)–(m) were 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 2008 TM Directive

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:
  - (a) signs which cannot constitute a trademark;
  - (b) 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 which results from the nature of the goods themselves;
    - (ii) the shape of goods which is necessary to obtain a technical result;
    - (iii) the shape which gives substantial value to the goods;
  - (f) 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: paragraph (h) and text following were omitted.)
2. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

...

(Note that Part (b) of Article 4 of the 2017 EUTM Regulation is new and replaces the requirement in Article 4 of the old EUTM Regulation that the sign should be “capable of being represented graphically.” Also new to Article 4 are the

express references to colors and sounds, although this change was not intended to alter the substance of the law. The possibility of registering EUTMs without a graphical representation (e.g., by providing a sound file for a sound mark) became a possibility on October 1, 2017. (Similar modifications have been made in the 2015 TM Directive, where the relevant provisions appear in Articles 3 and 4(1)(a).)

### **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, 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 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; trade marks which are devoid of any distinctive character;
  - (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—CJEU—Must marks consisting of a combination of colors systematically specify the spatial arrangement of such colors to be considered sufficiently precise?**

*Red Bull GmbH v. EUIPO*<sup>2</sup> considered the appeal to the CJEU by the well-known energy drink manufacturer Red Bull. The appellant had successfully registered two EU trademarks, one in 2005 and another one in 2011, for the combination of blue and silver in class 32 (energy drinks), as reproduced below:



The description for the first mark specified that: “Protection is claimed for the colours blue (RAL 5002) and silver (RAL 9006). The

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<sup>2</sup> Case C-124/18 P (CJEU, July 29, 2019) (EU:C:2019:641).

ratio of the colours is approximately 50%–50%.” The description for the second mark specified that the colors blue (Pantone 2747C) and silver (Pantone 877C) “will be applied in equal proportion and juxtaposed to each other.”

In September 2013 a Polish company, Optimum Mark, filed applications with the EUIPO for a declaration of invalidity for both marks.

Optimum Mark contended that the first mark did not meet the requirements of Article 7(1)(a) of the 2017 EUTM Regulation, as its representation did not systematically arrange the colors by associating them in a predetermined and uniform way. Additionally, it argued that the description of the mark, according to which the ratio of the two colors of which the mark was composed was “approximately 50%–50%,” allowed for numerous combinations, with the result that consumers would not be able to make further purchases with certainty.

In respect of the second mark, Optimum Mark contended that it also did not meet the requirements of Article 7(1)(a) of the 2017 EUTM Regulation and, as the term “juxtaposed” might have several meanings, the description of the mark did not indicate the type of arrangement in which the two colors would be applied to the goods and was therefore not self-contained, clear, and precise.

The Cancellation Division of the EUIPO declared the two marks in question invalid in two separate proceedings,<sup>3</sup> *inter alia*, on the ground that their representation was not sufficiently precise. Red Bull appealed these decisions to the First Board of Appeal of the EUIPO, which dismissed the appeals in their entirety.

Upon Red Bull’s subsequent appeal to the General Court for the decisions to be annulled, the General Court also dismissed the actions in their entirety, noting in particular that the lack of precision of the two graphic representations of the marks, together with their descriptions, was confirmed by the fact that the appellant’s applications for registration were accompanied by evidence that reproduced those marks very differently in comparison with the vertical juxtaposition of the two colors shown in the graphic representations included in those applications. Red Bull to appealed to the CJEU.

The appellant submitted five grounds in support of its appeal, alleging, first, breach of the principles of equal treatment and proportionality; second, infringement of Article 4 and Article 7(1)(a) of the 2017 EUTM Regulation; third, breach of the principle of legitimate expectations; fourth, breach of the principle of proportionality; and, lastly, infringement of Article 134(1) and Article 135 of the Rules of Procedure of the General Court.

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<sup>3</sup> Case T-101/15 and Case T-102/15, respectively.

The CJEU's analysis focused on the appellant's second ground of appeal, namely infringement of Article 4 and Article 7(1)(a) of the 2017 EUTM Regulation. Red Bull submitted that the General Court had misinterpreted the judgment in *Heidelberger Bauchemie*<sup>4</sup> and infringed Article 4 and Article 7(1)(a) of the 2017 EUTM Regulation by holding that marks consisting of a combination of colors must systematically specify the spatial arrangement of the colors in question, concluding that the graphic representation of the marks at issue was insufficiently precise without such an arrangement.

In particular, Red Bull contended that *Heidelberger Bauchemie* should be interpreted in the specific context of the case that gave rise to that judgment, which concerned a trademark consisting of a combination of colors and whose description stated that those colors were to be used "in every conceivable form." Further, by considering that the mere juxtaposition of colors was not sufficient to constitute a precise and uniform graphic representation, the General Court had failed to consider that a trademark must be viewed as filed, as per the CJEU decision in *Apple*.<sup>5</sup> As such, the General Court had failed to consider the specific feature of marks consisting of a combination of colors, which is not to have contours.

In its judgment, the CJEU noted that it is clear from earlier case law that a sign may be registered as a mark only if the applicant provides a graphic representation in accordance with the requirements in Article 4 of the 2017 EUTM Regulation, to the effect that the subject matter and scope of the protection sought are clearly and precisely determined. Where an application is accompanied by a verbal description of the sign, such description must be evaluated in combination with the graphic representation, and must serve to clarify the subject matter and scope of the protection sought under trademark law; it cannot be inconsistent with the graphic representation of a trademark or give rise to doubts as to the subject matter and scope of that graphic representation.<sup>6</sup>

Furthermore, in *Heidelberger Bauchemie*, the CJEU held that a graphic representation of two or more colors, designated in the abstract and without contours, must be systematically arranged in such a way that the colors concerned are associated in a predetermined and uniform way. It also noted that the mere juxtaposition of two or more colors, without shape or contours, or a reference to two or more colors "in every conceivable form," will not exhibit the qualities of precision and uniformity required by Article 4. The Court elaborated that such representations would allow numerous different combinations, which would not permit the consumer to perceive and recall any particular combination, thereby

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<sup>4</sup> *Heidelberger Bauchemie*, Case C-49/02 (EU:C:2004:384).

<sup>5</sup> *Apple Inc. v. Deutsches Patent- und Markenamt*, Case C-421/13 (EU:C:2014:2070).

<sup>6</sup> *Hartwall*, Case C-578/17 (EU:C:2019:261).

failing to enable them to make further purchases with certainty. Similarly, the competent authorities and economic operators would not know the scope of the protection afforded to the proprietor of the trademark in question.

Therefore, contrary to Red Bull's arguments, requiring a mark consisting of a combination of colors to display a systematic arrangement associating the colors in a predetermined and uniform way cannot transform that type of mark into a figurative mark, since that requirement does not mean that the colors must be defined by contours.

Red Bull could not rely on the CJEU judgment in *Apple* in support of its claim that the General Court had erred in holding that the graphic representation of the marks at issue was insufficiently precise. The case that gave rise to that judgment concerned graphic representation of "a collection of lines, curves and shapes," which was not applicable here.

In light of these considerations, the CJEU concluded that the General Court had correctly applied Article 4 and 7(1)(a) of the 2017 EUTM Regulation. The General Court was right to consider that the description of the marks could result in numerous combinations with respect to the arrangement of the two colors. Marks that allow for a plurality of reproductions that are neither determined in advance nor uniform are incompatible with the 2017 EUTM Regulation.

## **2. EU—CJEU—Was an EUTM relating to asset management non-distinctive and descriptive in respect of class headings only or for all services for which it is registered?**

In *VM Vermögens-Management GmbH v. EUIPO*,<sup>7</sup> the CJEU considered an appeal by VM Vermögens-Management ("VM") to set aside the decision of the General Court relating to invalidity proceedings against a word mark. In December 2009, VM filed an application for registration of an EU trademark with the EUIPO for the mark VERMÖGENSMANUFAKTUR in classes 35 and 36 of the Nice Agreement. The word *Vermögensmanufaktur* is a combination of German words *Vermögen*, meaning "assets," and *Manufaktur*, meaning "manufacture."

The mark was registered on May 18, 2011, but the intervener at first instance, DAT Vermögensmanagement, filed an application for a declaration of invalidity on July 30, 2012, for all services for which it was registered. In December 2013, the Cancellation Division rejected the application.

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<sup>7</sup> Case C-653/17 P (CJEU, May 15, 2019) (EU:C:2019:406).



On appeal, the Fifth Board of Appeal overturned the Cancellation Division's decision and held that the contested mark was descriptive and devoid of distinctive character under Articles 7(1)(b) and 7(1)(c) of the 2009 EUTM Regulation.<sup>8</sup> The contested mark was declared invalid for the services in classes 35 and 36.

In July 2015, VM sought an appeal for annulment of the Fifth Board of Appeal's decision at the General Court. A couple months after the action was brought, VM had filed a declaration under Article 28(8) of the 2009 EUTM Regulation, as amended by the 2015 EUTM Regulation. The purpose of this declaration was, following the CJEU's decision in the *IP Translator*<sup>9</sup> case for the EUIPO to interpret Nice Class headings literally, to specify the services that it had intended to cover at the time of the application for registration of the contested mark and seek protection for services beyond those covered by the literal meaning of classes 35 and 36 of the Nice Agreement. Accordingly, VM's declaration specified certain additional services to be designated by the contested mark in classes 35 and 36 of the Nice Agreement, and the new list of services of the contested mark was published in the European Trademarks Bulletin in November 2016.

The appeal to the General Court mainly focused on VM's arguments that the Fifth Board of Appeal had wrongly concluded that the contested mark was descriptive and devoid of distinctive character, but VM had also argued that, in the alternative, the Fifth Board of Appeal's decision should apply only to the services in classes 35 and 36 in its original application and not those that were added by the Article 28(8) declaration. The General Court dismissed the appeal in its entirety.

VM put forward six grounds of appeal before the CJEU. The first two grounds of appeal related to the Article 28(8) declaration. VM had argued that the General Court had misconstrued the effect of the declaration by refusing to recognize that, by virtue of the retrospective effect of the amendment of the EU trademarks register following its Article 28(8) declaration, the contested mark was invalid only for the services covered by the literal meaning of the heading of classes 35 and 36. The CJEU agreed that VM's Article 28(8) declaration was not intended to add any new services to the scope of protection but was only to ensure that the services covered by that declaration continued to enjoy such protection, even though they were not clearly covered by the literal meaning of the

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<sup>8</sup> These provisions are now found at Article 7(1)(b) and 7(1)(c) of the 2017 EUTM Regulation.

<sup>9</sup> *Chartered Institute of Patent Attorneys v. Registrar of Trade Marks*, Case C-307/10 (CJEU, June 19, 2012) (EU:C:2012:361).

indications included in the headings of classes 35 and 36 of the Nice Agreement.

As a result, although the Fifth Board of Appeal's decision was made *before* VM had filed its Article 28(8) declaration, the decision to invalidate the contested mark would cover *all* services for which the trademark was registered including such services covered by that declaration.

By its third ground of appeal, VM argued that the General Court had infringed Article 7(1)(c) of the 2009 EUTM Regulation in finding that the contested mark was descriptive. According to VM, the word *Vermögensmanufaktur* would have only triggered, in the relevant public, a process of reflection and would not be directly linked to individual high-quality services. However, as VM had not pleaded any distortion of the facts or evidence, the CJEU found this ground of appeal inadmissible on the basis that VM had merely disputed the General Court's findings of fact in relation to the perception of the trademark and its descriptive character, rather than argue an error on a point of law. The General Court's decision was also upheld, having considered that the public was able to understand the meaning of the German words *Vermögen* and *Manufaktur* and that the combination of those two words had a clear and unambiguous meaning.

The fourth ground of appeal centered around the General Court's misapplication of Article 7(1)(b) of the 2009 EUTM Regulation for concluding that the contested mark was devoid of distinctive character. The General Court had considered that the trademark was not sufficiently unusual, original, or resonant, therefore the relevant public would not be able to distinguish the services provided by VM from those provided by others in the same sector. In its appeal, VM cited the CJEU judgment in *Audi v. OHIM*,<sup>10</sup> where it was held that the existence of such characteristics is not a necessary condition for establishing the distinctive character of a laudatory reference. The CJEU considered this ground of appeal unfounded as it was based on a misreading of the General Court's judgment, which was not just based on the laudatory character of the mark.

In its ruling, the CJEU agreed with the General Court's observations that a trademark that is descriptive within the meaning of Article 7(1)(c) is devoid of any distinctive character. However, just because a trademark is not deemed descriptive within the meaning of Article 7(1)(c), that does not necessarily mean the mark is accordingly distinctive. It will still be necessary for the competent tribunal to examine whether the mark performs the essential function of a trademark—to represent a badge of (commercial) origin to allow a consumer who originally purchased

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<sup>10</sup> Case C-398/08 P (CJEU, January 21, 2010) (EU:C:2010:29), at para. 47.

the goods or services designated by the mark to repeat (or avoid) that experience in future transactions.

Drawing from these observations, the CJEU agreed with the General Court's conclusion that VM could not monopolize the contested mark where the relevant public would not be able to distinguish the services provided by VM from those provided by another undertaking in the same sector. As a result, although the CJEU had concluded that a mark can be perceived by the relevant public both as a promotional formula and as an indication of the commercial origin of goods or services in *Audi v. OHIM*,<sup>11</sup> the contested mark in the present case would not enable a consumer of the relevant public that acquires services from VM to purchase (or avoid) the same services in a subsequent transaction. The contested mark did not therefore go beyond the mere representation of promotional information to act as a badge of commercial origin.

The remaining grounds of appeal were held to be inadmissible as mere repetition of arguments made at first instance rather than (alleged) errors of law by the General Court.

**3. EU—CJEU—Does the concept of “shape”  
as an absolute ground for refusal  
cover other characteristics, such as patterns,  
applied to a specific location on a  
two-dimensional product?**

*Textilis Ltd., Ozgur Keskin v. Svenskt Tenn AB*<sup>12</sup> concerned the questions regarding Article 7(1)(e)(iii) of the 2009 EUTM Regulation<sup>13</sup> referred to the CJEU by the Svea Court of Appeal, Patents and Market Court of Appeal, in Sweden. The local proceedings concerned Svenskt Tenn's registered EUTM known as MANHATTAN for the following figurative mark:

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<sup>11</sup> *Id.* at para. 45.

<sup>12</sup> Case C-21/18 (CJEU, March 14, 2019) (EU:C:2019:199).

<sup>13</sup> This provision is now found at Article 7(1)(e)(iii) of the 2017 EUTM Regulation. This provision has been amended by the 2015 EUTM Regulation to include signs that consist exclusively of “the shape, or another characteristic, which gives substantial value to the goods.”



Registration was obtained, *inter alia*, in class 16 for “table cloths, table napkins of paper; coasters of paper; wrapping paper; writing or drawing books”, in class 24 for “textiles and textile goods, not included in other classes; bed and table covers” and in class 35 for “retail services connected with the sale of . . . textile fabrics, textile products.”

In 2013, UK company Textilis began selling and marketing fabrics and goods for interior decoration bearing patterns similar to those of Svenskt Tenn’s registered MANHATTAN EUTM. Svenskt Tenn brought proceedings against Textilis at the Patents and Market Court in Sweden on the grounds of copyright and trademark infringement. In response, Textilis had argued for the revocation of the registered EUTM for a lack of distinctiveness under Article 7(1)(b)<sup>14</sup> and for representing a mark consisting exclusively of the shape that gives substantial value to the goods under Article 7(1)(e)(iii) of the 2009 EUTM Regulation.

The Patents and Market Court (lower instance) dismissed the counterclaim for revocation on the basis that pattern-like images can be subject to trademark registration and that the mark did not constitute a sign consisting exclusively of “the shape.” The court ruled that Textilis had infringed Svenskt Tenn’s trademark.

Textilis sought an appeal to the Svea Court of Appeal, Patents and Market Court of Appeal, seeking a declaration, on the basis of Article 7(1)(e)(iii), that the registered EUTM was invalid. The Svea Court of Appeal (Patents and Market Court of Appeal) pointed out the difficulty in assessing the ground of invalidity as to whether it may apply to two-dimensional marks that represented two-dimensional goods, such as a pattern on a fabric. Another complication for the court was the fact that the date of registration for the EUTM and the date upon which the action was brought had occurred prior to the amendment of Article 7(1)(e)(iii) of the 2009 EUTM Regulation by the 2015 EUTM Regulation, under which registration is refused not only for signs consisting exclusively of

<sup>14</sup> This provision is now found at Article 7(1)(b) of the 2017 EUTM Regulation.

“the shape” but also “another characteristic of the goods.” An interesting consideration was posed as to whether this amendment alters the assessment to be made by virtue of that ground of invalidity to look beyond simply “the shape,” which had previously been discussed by the General Court in *Bang & Olufsen A/S*<sup>15</sup> years before the 2017 EUTM Regulation came into force.

The Court of Appeal decided to stay the proceedings and refer three questions to the CJEU, two of which are set out below:

1. Is Article 4 [of the 2015 EUTM Regulation] to be interpreted as meaning that Article 7(1)(e)(iii) [of the 2017 EUTM Regulation], in its new wording, is applicable to a court’s assessment of invalidity (under Article 52(1)(a) of the Trade Marks Regulation) that is made after the entry into force of the amendment, namely after 23 March 2016, even if the action concerns a declaration of invalidity where the action was brought before that date and therefore concerns a trade mark registered before that date?
2. Is Article 7(1)(e)(iii) [of the 2009 EUTM Regulation], in the version applicable, to be interpreted as meaning that its scope covers a sign which consists of the two-dimensional representation of a two-dimensional product, for example, fabric decorated with the sign in question?

In providing its response to the first question, the CJEU had considered the necessity to observe the principles of legal certainty and the protection of legitimate expectations. Citing *Bureau national interprofessionnel du Cognac*,<sup>16</sup> the CJEU explained that EU law will only have retroactive effect prior to its entry into force where it follows from their “terms, objectives or general scheme that such effect must be given to them.” As no express provision of such was contained in the 2015 EUTM Regulation, it was held that Article 7(1)(e)(iii), as amended, is not applicable to marks registered before its entry into force and therefore did not apply to the present case.

The CJEU had considered the judgment of *Louboutin and Christian Louboutin*,<sup>17</sup> a case relating to whether the concept of “the shape” under the 2008 TM Directive was limited solely to three-dimensional properties of a product or if it covered other characteristics such as color, in formulating its response to the second question. It applied the definition given to the concept of

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<sup>15</sup> Case T-508/08 (GC, October 6, 2011) (EU:T:2011:575).

<sup>16</sup> Case C-4/10 and C-27/10 (CJEU, July 14, 2018) (EU:C:2011:484).

<sup>17</sup> Case C-163/16 (CJEU, June 12, 2018) (EU:C:2018:423).

“shape” in Article 3(1)(e)(iii) of the 2008 TM Directive, whose wording is similar to that of Article 7(1)(e)(iii) of the 2009 EUTM Regulation, as being “usually understood as a set of lines or contours that outline the product concerned”<sup>18</sup> to the present case. While the European Commission had pointed out in its observations that the MANHATTAN mark at issue contains lines and contours, the CJEU held that the sign cannot be regarded as consisting “exclusively of the shape” within the meaning of Article 7(1)(e)(iii) of the 2009 EUTM Regulation.

The CJEU noted that, although the sign represents shapes that are formed by the external outline of drawings representing stylized parts of geographical maps, it is clear that the sign also “contains decorative elements situated both inside and outside those outlines,” including words such as “MANHATTAN.” Thus, a sign consisting of two-dimensional decorative motifs is not “indissociable” from the shape of the goods where that sign is affixed to goods whose form differs from such decorative motifs.

The third question referred to the CJEU queried the interpretation of Article 7(1)(e)(iii) where the registration covers a wide range of classes of goods and the sign may be affixed in different ways to the goods. This question was subject to the CJEU responding to the second question in the affirmative, and the CJEU subsequently considered it unnecessary to provide a response.

The list of characteristics that do not fall within the concept of “the shape” continues to expand, as this ruling confirms that the CJEU recognizes neither patterns nor colors applied to a specific location of a product as falling under the scope of the definition.

#### **4. EU—General Court—Does a figurative trademark consisting of “3 parallel equidistant stripes of identical width applied on the product in any direction” have distinctive character?**

*Adidas AG v. EUIPO/Shoe Branding Europe BVBA*<sup>19</sup> concerned the well-known sportswear brand Adidas and its EU trademark, registered for clothing, footwear and headgear in class 25, as depicted below.

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<sup>18</sup> *Id.* at para. 21.

<sup>19</sup> Case T-307/17.



In the original application for registration, the mark was identified as a figurative mark with the following description: “The mark consists of three parallel equidistant stripes of identical width, applied on the product in any direction.”

In 2014, a Belgian footwear company, Shoe Branding Europe BVBA (“Shoe Branding”) filed an application for declaration of invalidity. In 2016, the Cancellation Division of the EUIPO granted the application for a declaration of invalidity on the basis that the mark was devoid of distinctive character. The mark lacked inherent distinctiveness and Adidas had failed to establish that the mark had acquired distinctive character through its use in the EU. Appealing to the Second Board of Appeal of the EUIPO, Adidas argued that while it did not dispute the lack of inherent distinctiveness of the mark, the mark had, contrary to the decision of the Cancellation Division, acquired distinctive character through use within the meaning of Article 7(3) and Article 52(2) of the 2009 EUTM Regulation (now Article 7(3) and Article 59(2) of the 2017 EUTM Regulation). The Board of Appeal dismissed the appeal.

Before the General Court, Adidas argued a breach of Article 52(2) (read in conjunction with Article 7(3)) of the 2009 EUTM Regulation and the principles of the protection of legitimate expectations and proportionality. Adidas argued that the Board of Appeal, in dismissing certain parts of its evidence, misinterpreted the mark at issue and misapplied the “law of permissible variations.” Adidas also contended that the Board of Appeal erred in its assessment that the mark had not acquired distinctive character following the use that had been made of it in the EU.

The appeal involved an assessment as to the nature of the mark depicted on the register and its proper interpretation. Adidas maintained that the mark was a “surface pattern,” to be reproduced in different dimensions and proportions depending on the goods on which it was applied. It had not, as the Board of Appeal had decided, been a mark claimed only in relation to specific dimensions. Relying on the EUIPO’s examination guidelines and the legitimate expectations that follow from those guidelines, Adidas argued that the mark at issue was a “pattern mark” and therefore the sole function of the graphical representation of the mark was to show a

design consisting of three parallel equidistant stripes, regardless of specific dimensions. The General Court dismissed this argument on the basis that it was not apparent from the graphical representation of the mark or its description that it was composed of a series of regularly repetitive elements and could not therefore be considered a “pattern” under the EUIPO guidelines.

In interpreting the nature of the mark as registered, the General Court considered first the graphical representation of the mark. The General Court noted that the mark had been registered as a figurative mark consisting of “three vertical, parallel, thin black stripes against a white background, whose height is approximately five times the width.” The General Court agreed with the Board of Appeal that there was a ratio of around 5 to 1 between the total height and width of the mark at issue and an equal thickness of the three parallel black stripes and the two white spaces between those stripes. The General Court confirmed that the Board of Appeal had not actually held that the mark had been claimed in specific dimensions but that in any event, Adidas had not provided any concrete evidence to support its argument that the protection of the mark consisted of the use of three parallel equidistant stripes, irrespective of their length or the way in which they were cut. It followed that their argument in respect of misinterpretation of the mark at issue failed.

The General Court turned next to the allegation of misapplication of the “law of permissible variations.” Adidas contended that the Board of Appeal incorrectly held that: (i) where a trademark is extremely simple, even a slight difference could lead to a significant alteration to the characteristics of the mark as it had been registered; (ii) use of the mark at issue in the form where the color scheme is reversed necessarily alters the distinctive character of that mark; (iii) some of the evidence showed a sign with two instead of three stripes and; (iv) the use of sloping stripes altered the distinctive character of that mark.

In relation to the “extremely simple character of the mark,” Adidas argued that given the use of the mark in different forms (from the form in which the mark was registered) did not alter the distinctive character of the mark, it was therefore “use” of the mark at issue. Adidas submitted that the concept of “use” of a mark should be interpreted in the same way as the concept of “genuine use.” In contrast, Shoe Branding argued that the concept of “use” within the meaning of Article 7(3) and Article 52(2) of the 2009 EUTM Regulation is narrower than that of “genuine use” in Article 15(1) of that regulation. Therefore, in order to prove acquired distinctiveness, Adidas could rely only on the use of the mark such as it was registered (only taking into account insignificant changes). Agreeing with Shoe Branding, the General Court held that where a trademark is extremely simple (as was the case here), even minor



alterations to that mark may constitute significant changes; the more simple the mark, the less likely it is to have a distinctive character and the more likely it is for an alteration to that mark to affect its essential characteristics.

As for the consequences of a reversed color scheme, Adidas contended that the mark at issue was registered in black and white but without a particular color claim. It followed that (contrary to the decision of the Board of Appeal) use of the mark in the form where the color scheme is reversed (i.e., white stripes against a black background) did not affect the distinctiveness of the mark. Further, Adidas submitted that the Board of Appeal's decision was contrary to the approach taken by German and French courts and was at odds with a previous decision of the Board of Appeal. In that decision, the Board of Appeal had held that another Adidas mark, representing white stripes and a black background, could be applied on products in the shape of a black rectangle containing white stripes.<sup>20</sup>

Dismissing Adidas's argument, the General Court confirmed once again that the EU trademark regime applies independently to any national system.<sup>21</sup> Moreover, the examination undertaken in each case depends on specific criteria that are applicable to the individual factual circumstances of a case.<sup>22</sup> Adidas could not rely on a separate decision of the Board of Appeal to allege inconsistency by the EUIPO and, in any event, that decision had been annulled.<sup>23</sup> The General Court concluded that owing to the extreme simplicity of the mark at issue, the act of reversing the color scheme would show another sign consisting of three white stripes against a black background as opposed to the mark at issue. Agreeing with the Board of Appeal, the evidence submitted by Adidas, being images of clothing, footwear, and accessories with a reversed color scheme, did not show genuine use of the mark. Therefore, Adidas's plea for infringement of the "law of permissible variations" had to be rejected.

In submitting its final plea, Adidas alleged that the Board of Appeal had erred in finding that Adidas had not shown that the mark at issue had acquired distinctive character within the EU. Adidas argued that a global assessment of the evidence should have been carried out, irrespective of the color and length of the stripes. Adidas contended that the large body of evidence supplied in respect of the whole of the EU showed use of the registered "mark with three parallel equidistant stripes" and recognition of the mark by the

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<sup>20</sup> *adidas v. Shoe Branding Europe BBVA*, Case R 1208/2012-2.

<sup>21</sup> *Develey v. OHIM*, Case C-238/06 P (EU:C:2007:635).

<sup>22</sup> *Agencja Wydawnicza Technopol v. OHIM*, C-51/10 P (EU:C:2011:139).

<sup>23</sup> *adidas v. OHIM—Shoe Branding Europe (Two parallel stripes on a shoe)*, Case T-145/14, not published (EU:T:2015:303).

relevant public as originating from Adidas. The General Court dismissed this plea.

In assessing acquired distinctiveness, the General Court reiterated that factors such as: (i) market share; (ii) widespread and long-standing use; (iii) promotion of the mark; (iv) the proportion of the relevant public; and (v) industry opinions may be taken into account.<sup>24</sup> The evidence provided by Adidas could be grouped into four categories, namely: (i) images (ii) turnover and marketing and advertising figures; (iii) market surveys; and (iv) other evidence. The General Court dismissed the majority of the images provided by Adidas as irrelevant on the basis that they related to signs that were not in the registered form of the mark at issue. Similarly, the General Court observed that it could not establish a link between the very high turnover and advertising figures provided and the specific mark at issue. With respect to the other evidence provided by Adidas, including previous judgments and press cuttings, the General Court noted that Adidas did not make clear which judgments and news articles challenged the Board of Appeal's assessment.

The General Court confirmed that the only relevant evidence provided by Adidas related to five market surveys (but which covered only five Member States of the EU). Rejecting Adidas's submissions that the same types of evidence do not have to be provided in respect of each Member State,<sup>25</sup> the General Court held that Adidas had not produced any relevant evidence in respect of the 23 other Member States at all. Specifically, the General Court confirmed that Adidas had not shown any reason to conclude that the domestic markets of the five Member States in which the surveys were carried out were comparable to the national markets of the other 23 Member States (either as a result of effective distribution networks or other marketing strategies).

As a result, the General Court concluded that a global assessment of the evidence submitted by Adidas did not establish use of the mark at issue in the EU and was not sufficient to prove that the mark at issue had come to distinguish the goods for which it was registered from those of other undertakings. The Board of Appeal had not committed an error of assessment, and the action was dismissed in its entirety.

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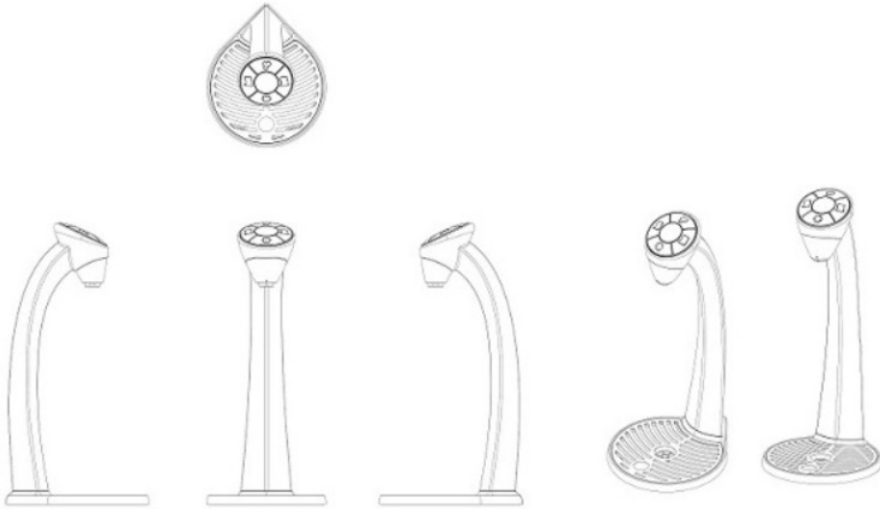
<sup>24</sup> Windsurfing Chiemsee, Case C-108/97 and Case C-109/97 (EU:C:1999:230).

<sup>25</sup> BCS v. OHIM—Deere (combination of the colors green and yellow), Case T-137/08 (EU:T:2009:417).

**5. EU—General Court—Must the shape of a three-dimensional trademark depart significantly from the common shape of the product in question to have distinctive character?**

*Brita GmbH v. EUIPO*<sup>26</sup> concerned an application to register the shape of a faucet as a three-dimensional EU trademark by a well-known water filter manufacturer, Brita.

On November 16, 2016, Brita applied for registration of an EU trademark in classes 7, 11, 21, 32, 35, 37, and 40. The mark is reproduced below:



The examiner partially rejected the application on the basis of Article 7(1)(b) of the 2009 EUTM Regulation<sup>27</sup> on the ground that the mark lacked distinctive character for certain goods and services included in the application (classes 7, 11, 21, 37 and 40). As such, the mark did not serve to identify the goods and services within these classes as originating from Brita.

The applicant filed a notice of appeal with the EUIPO, pursuant to Articles 58 to 64 of the 2009 EUTM Regulation (now Articles 66 to 71 of the 2017 EUTM Regulation) against the examiner's decision. The statement of the grounds of appeal was lodged with the Board of Appeal on October 27, 2017.

The Fourth Board of Appeal of the EUIPO dismissed the appeal. In agreement with the examiner, it held that the mark was devoid of any distinctive character within the meaning of Article 7(1)(b) of the 2009 EUTM Regulation in respect of the goods and services

<sup>26</sup> [2019] Case T-213/18 (CJEU, June 19, 2019) (EU:T:2019:435).

<sup>27</sup> Now found at Article 7(1)(b) of the 2017 EUTM Regulation.

referred to above. The mark applied for was a mere representation of a faucet for dispensing water or beverages and could not be perceived as distinctive. Taken as a whole, the mark contained no element that departed significantly from the standard shape of water or beverage dispensers and which could therefore fulfil the (essential) function of indicating origin.

Brita applied to the General Court for an annulment of this decision, alleging an improper application of Article 7(1)(b) in that the Board of Appeal had erred in finding that the mark lacked distinctive character. Specifically, the applicant claimed that the Board of Appeal erred in finding that the mark had the simple shape of a typical device used for dispensing water on the ground that its characteristics were very common for the usual beverage apparatus.

The General Court reemphasized that the criteria for assessing the distinctive character of three-dimensional marks consisting of the appearance of the product itself was no different from those applicable to other categories of trademark.<sup>28</sup> Nevertheless, when applying those criteria, the perception of the relevant public is not necessarily the same, since settled case law establishes that average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape.

In accordance with the relevant case law,<sup>29</sup> the more closely the shape for which registration is sought resembles the shape most likely to be taken by the product in question, the greater the likelihood of the shape/mark being devoid of any distinctive character (for the purposes of Article 7(1)(b)). Only a trademark that departs significantly from the norms or customs of the sector is deemed to have any distinctive character and is able to distinguish commercial origin.

Further, where a three-dimensional mark constitutes the shape of the product for which registration is sought, merely being a “variant” of a common shape of that type of product is not sufficient to give the mark distinctive character for the purposes of Article 7(1)(b). As always, the test of perception of distinctive character is whether the mark sought would permit the average consumer of that product (being reasonably well-informed, observant, and circumspect) to distinguish the product concerned from those of others without conducting an analytical examination and without paying particularly close attention.<sup>30</sup>

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<sup>28</sup> *Birkenstock Sales v. EUIPO*, Case C-26/17 P (EU:C:2018:714), and *hoechstmass Balzer v. EUIPO* (Shape of a tape measure case), Case T-691/17, not published (EU:T:2018:394).

<sup>29</sup> *Henkel v. OHIM*, Case C-456/01 P and C-457/01 P (EU:C:2004:258), and *Birkenstock Sales v. EUIPO*.

<sup>30</sup> *Voss of Norway v. OHIM*, Case C-445/13 P (EU:C:2015:303) and *hoechstmass Balzer v. EUIPO*, Case T-691/17 (Shape of a tape measure case).

The General Court concluded that the Board of Appeal had correctly analyzed all of the elements of the mark applied for and found that, taken as a whole, the mark contained no element that departed significantly from the standard shape of water and beverage dispensers. There being no error of assessment in that analysis, the Board had been correct in finding that the mark had no distinctive character within the meaning of Article 7(1)(b). The General Court dismissed the application in its entirety.

**6. EU—General Court—Is a trademark composed of a number of descriptive elements itself descriptive of the characteristics of the goods or services for which registration is sought?**

*United Seafoods v. EUIPO*<sup>31</sup> concerned United States Seafoods LLC’s (“USS”) international registration designating the EU for the figurative sign UNITED STATES SEAFOODS for “fish; fish fillets” in class 29. The EUIPO Examiner rejected the application for registration of the sign in the EU on the basis of absolute grounds for refusal under Article 7(1)(b) and (c) of the 2017 EUTM Regulation, as it considered that the international registration consisted exclusively of a sign that designated the geographical origin of the goods. The figurative sign is reproduced below.



USS appealed to the Fifth Board of Appeal (the “Board of Appeal”), which dismissed USS’s action. The Board of Appeal agreed that the sign at issue was descriptive of the nature and geographical origin of the goods concerned. In considering the different elements of the mark, the Board of Appeal noted that the sign at issue consisted of (i) the word element “United States Seafoods”; (ii) a territorial shape, described by the international registration application as the shape of the territory representing the State of Alaska and; (iii) the flag of the United States of America including

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<sup>31</sup> [2019] Case T-10/19 (CJEU, October 17, 2019).

white stars on the top left, a blue background and red and white stripes below and to the right of the stars. The Board of Appeal held that since the sign at issue contained English words, the relevant public was the English-speaking public in the EU who would ultimately “perceive that sign as referring to food obtained from the sea coming from the United States.” USS appealed to the General Court arguing that the Board of Appeal had incorrectly applied Articles 7(1)(c) and 7(1)(b) of the 2017 EUTM Regulation.

In relation to Article 7(1)(c), USS submitted that while the word element “United States Seafoods” was descriptive, the figurative elements of the sign provided a unique and distinctive character to the sign as a whole. Accordingly, the Board of Appeal had been wrong to conduct a separate examination of the different elements of the sign but should have considered the overall impression of the sign as perceived by the relevant public. In dismissing USS’s submissions, the General Court held that the Board of Appeal had correctly identified the relevant public for whom the word element of the sign would indicate foodstuffs obtained from the sea from the United States and was therefore wholly descriptive.

The General Court confirmed that the Board of Appeal had correctly examined all of the elements of the sign at issue to confirm its finding, including the flag element (which held only minor differences from the flag of the United States), the expression “United States” and the representation of the state of Alaska. The General Court observed that the Board of Appeal had even described how the shape of the territory would only rarely be perceived as such by the relevant public but merely served to reinforce the descriptive character of the sign for that part of the relevant public that might identify the shape correctly. The Board of Appeal had therefore accurately assessed the sign at issue and found that it was descriptive for the purposes of Article 7(1)(c) of the 2017 EUTM Regulation.

The General Court observed that since it is sufficient for one of the absolute grounds for refusal to apply in order for a sign not to be registrable as an EU trademark, there was no need to consider the merits of USS’s second plea alleging infringement of Article 7(1)(b) at all.

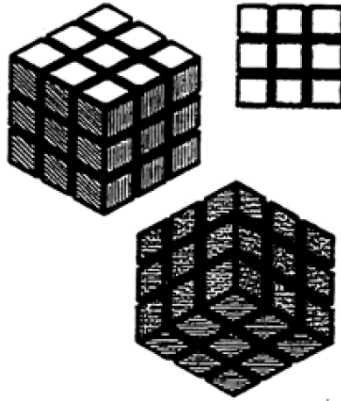
**7. EU—General Court—Should the  
internal mechanics of a shape be considered  
when determining whether that shape is necessary  
to obtain a technical result?**

*Rubik’s Brand Ltd. v. EUIPO*<sup>32</sup> concerned the “Rubik’s Cube” (a well-known combination puzzle) and its associated EU trademark

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<sup>32</sup> Case T-601/17.

for the shape of a cube in respect of “three-dimensional puzzles” in class 28. Following the 2016 judgment of the CJEU and the return of the case to the EUIPO, the General Court issued its second ruling in relation to the trademark reproduced below.



In 2006, a German toy manufacturer, Simba Toys GmbH & Co. KG (“Simba”), applied to the EUIPO for a declaration of invalidity on the basis that the rotating capabilities of the shape provided a technical solution and the shape could not, therefore, be protected as an EU trademark under Article 51(1)(a) of Regulation No. 40/04 (now Article 59(1)(a) of the 2017 EUTM Regulation) and Article 7(1)(a) to (c) and (e) of the 2017 EUTM Regulation.

The Cancellation Division of the EUIPO dismissed Simba’s application in its entirety and the toy manufacturer appealed to the Second Board of Appeal of the EUIPO in 2008. In dismissing the appeal, the Board of Appeal re-emphasized the existing case law that the examination of a trademark must be on the basis of the mark as filed and not by reference to any alleged “invisible” features. In the present case, the representation of the trademark consisted of “three perspectives of a 3 x 3 x 3 cube, where each square face [was] separated from neighboring faces by a black contour.” The Board of Appeal confirmed that this representation did not refer to any particular function and did not provide any “clues” to the puzzle.

Simba appealed to the General Court in 2009, seeking annulment of the EUIPO’s decision.<sup>33</sup> The General Court denied the appeal, finding that the cube shape did not involve a technical function such that it was precluded from trademark protection. In particular, the General Court held that the technical (rotating)

<sup>33</sup> Simba Toys v. OHM – Severn Towers (shape of a cube with surfaces having a grid structure) Case T-450/09 (EU:T:2014:983).

capabilities of the Rubik's Cube shape did not form part of the characteristics of the shape but was instead a result of internal mechanics. The General Court confirmed that Simba's arguments were based on knowledge of the Rubik's Cube puzzle, as opposed to the characteristics of the shape as presented in the trademark registration. Specifically, the General Court observed that considering the internal rotating mechanisms of the cube would not comply with the requirements of objectivity and certainty towards the shape as presented.

On appeal to the CJEU in 2015, the General Court's decision was overturned.<sup>34</sup> The CJEU confirmed that the EUIPO and the General Court had incorrectly dismissed the invisible elements of the shape in determining whether the trademark involved a technical solution. Specifically, the CJEU noted that in most circumstances, an assessment of the functional characteristic of a sign cannot be carried out solely on the basis of its graphical representation, and all relevant material (including non-visible mechanism) must be considered.<sup>35</sup> Therefore, the General Court had interpreted Article 7(1)(e)(ii) of the Regulation too narrowly. Following the CJEU's judgment, the case was remitted to the EUIPO to render a new decision on the matter.<sup>36</sup>

Therefore, the EUIPO considered the case again in 2017. Taking the view of "a reasonably discerning observer," the EUIPO held that there were three essential characteristics related to the shape: (i) the actual shape of the cube; (ii) the black lines and the squares on each face of the cube; and (iii) the different colors on each face of the cube. In considering whether each of those essential characteristics were necessary to obtain a technical result, the EUIPO considered that it was. The EUIPO confirmed that each of those essential characteristics added to the technical result of "axially rotating, vertically and horizontally, rows of smaller cubes of different colors which are part of a large cube until the nine squares of each face of that cube show the same color." The EUIPO observed that since this was the purpose of the Rubik's Cube puzzle, the trademark had been registered in breach of Article 7(1)(e)(ii) of the Regulation. The case was once again appealed to the General Court.

The General Court first considered the different colors of the cube and held that the EUIPO's assessment of the shape had been incorrect by determining that the different colors constituted an essential characteristic of the trademark. The General Court observed that the owners of the Rubik's Cube, on registering the trademark, had never actually claimed that the different colors constituted any part of the trademark. In addition, the trademark

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<sup>34</sup> *Simba Toys v. EUIPO*, Case C-30/15 P (EU:C:2016:849).

<sup>35</sup> *Philips*, Case C-299/99 (EU:C:2002:377).

<sup>36</sup> Case R 452/2017-1.



registration did not itself present the existence of different colors on each face of the cube.

Next, the General Court turned to the black lines and squares on each face of the cube “which intersect, horizontally and vertically, on each of the faces of the cube, dividing each of them into nine small cubes of equal size divided into rows of 3 x 3.” The General Court held that the black lines provided a physical separation between the small cubes to allow consumers to rotate each row, without which the Rubik’s Cube would simply be a solid block. The General Court reiterated that the purpose of the puzzle was to allow players to generate six different colored faces by independently rotating rows of the smaller cubes. The General Court agreed with the EUIPO that it was as a result of the black lines and the squares that this purpose was achieved. The General Court therefore held that the essential characteristic of the black lines was necessary to obtain the intended technical result of the shape. Lastly, in respect of the overall shape of the cube the General Court rejected the applicant’s argument that alternative geometrical shapes were capable of achieving the same intended technical result. The General Court held that the cube shape was “inseparable on the one hand from the grid structure which consists of the black lines that intersect on each of the faces of the cube” and on the other hand from the function of the actual puzzle. The cube was therefore necessary to achieve the intended result.

Despite the fact that the different colors did not constitute an essential characteristic of the shape at issue, the General Court concluded that the two remaining characteristics were necessary to obtain the intended result of the Rubik’s Cube product for which the shape was registered. As a result, the shape could not be validly registered as an EU trademark.

### **8. The Netherlands—Supreme Court— Shape trademarks—What is the relevance of alternatives to achieve the same technical result?**

The decision of the Dutch Supreme Court in *Capri Sun v. Riha*<sup>37</sup> of June 28, 2019, considered that despite the judgment of the CJEU in *Doceram*,<sup>38</sup> the existence of alternatives by which the same technical outcome can be achieved is not relevant when assessing the invalidity of a shape trademark for a technical function.

Capri Sun is the owner of the below shape trademark in Benelux (and elsewhere) relating to the shape of a soft drink container.

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<sup>37</sup> Dutch Supreme Court, June 28, 2019, ECLI:NL:HR:2019:1043 (*Capri Sun/Riha*).

<sup>38</sup> CJEU, March 8, 2013, Case C- C-395/16, ECLI:EU:C:2018:172 (*Doceram*).



Capri Sun sued its competitor Riha for infringement of this mark in relation to the use of a similar container. Riha counterclaimed that the trademark relied upon was invalid because its essential characteristics were all necessary to obtain a technical result. The District Court rejected Capri Sun's claims and, in the counterclaim, held the trademark invalid. On appeal, the Court of Appeal confirmed this decision. It considered that the packaging has several practical/functional advantages. Because of the (more or less) rectangular shape and the even division of its contents when lying, it can be placed efficiently in a lunch box; and when used it can be placed upright using a straw, limiting spillage. The size of the container is such that it is suitable for the target consumers (mostly children). The shape furthermore made it relatively stable, an important quality in a drink container.

With reference to the well-established authority in *Philips v. Remington*,<sup>39</sup> the Dutch Supreme Court considered that a sign consisting exclusively of the shape of a product is invalid if all of the essential functional features of that shape are attributable only to the technical result. Where this was the case, this ground of invalidity could not be overcome by establishing that there are other shapes that allow the same technical result to be obtained.

The Dutch Supreme Court also considered that the circumstances considered by the CJEU in *Doceram*<sup>40</sup> in which the existence of alternative designs by which the same technical function can be accomplished can be taken into account is limited to design law only and was not relevant for the present case. The Dutch Supreme Court emphasized that trademark law and design law differ both in terms of purpose and duration of protection, while the nature of the functionality exceptions also differ (being a ground for invalidity in trademarks, merely a limitation on the scope of protection in designs). Even more importantly, the CJEU's decision in *Doceram* considered how one should establish if an element is solely determined by technical function, not whether (once

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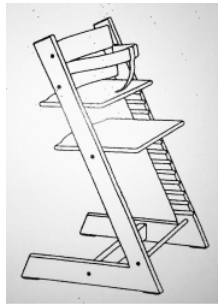
<sup>39</sup> CJEU, June 18, 2002, Case C-299/99, ECLI:EU:C:2002:377 (*Philips/Remington*).

<sup>40</sup> CJEU March 8, 2013, Case C- C-395/16, ECLI:EU:C:2018:172 (*Doceram*).

established) the exclusion should be applied or not, if there are sufficient alternative ways of achieving that technical function.

### 9. Netherlands—Amsterdam Court of Appeal— Shape trademarks—Shapes relating to the nature of the goods as such

The judgment of the Court of Appeal of Amsterdam in *Hauck/Stokke*<sup>41</sup> of February 5, 2019, determined that a trademark consisting of the shape of a child's chair (as below) results from the nature of the goods and is therefore invalid in light of Article 2.1(2) Benelux Convention on Intellectual Property.



The underlying case is well known to EU trademark practitioners, having been referred to the CJEU in an earlier stage, following which in 2014 the CJEU held that the nature of the goods exclusion referred to above may apply to a sign that consists exclusively of the shape of a product with one or more essential characteristics that are inherent to the generic function or functions of that product and that consumers may be looking for in the products of competitors.<sup>42</sup> Following the CJEU decision, the Dutch Supreme Court rendered a judgment in which it referred the case to the Court of Appeal of Amsterdam to decide the case on the facts.

Applying the CJEU ruling, the Court of Appeal considered that the chair in question had an attractive appearance because of its design and that the shape (in particular the use of slanting standards in which all elements of the chair are incorporated, as well as the L-shape) to a large extent determined the functional characteristics of the chair. It thus does not concern decorative elements that are not inherent to the generic function or functions of that product and that play an important or essential role in the design of the chair. The existence of alternative designs of children's chairs did not mean that the exclusion could not apply.

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<sup>41</sup> Court of Appeal Amsterdam, February 5, 2019 (ECLI:NL:GHAMS:2019:262) (*Hauck/Stokke*).

<sup>42</sup> CJEU, September 18, 2014, Case C-205/13 (ECLI:EU:C:2014:2233) (*Hauck/Stokke*).

The Court of Appeal concluded that the trademark consisted exclusively of the shape of a child's chair with essential characteristics that are inherent to the generic functions of that product and that consumers may be looking for in the products of competitors. The trademark was therefore invalid.

**10. Benelux—Benelux Court of Justice—  
Can an English word be entirely descriptive and  
unregistrable in the Benelux for certain goods?**

In *THINS*,<sup>43</sup> the Benelux Court of Justice considered that a wholly descriptive word could not be registered as a trademark in the very first judgment rendered by the Benelux Court of Justice on the basis of its new jurisdiction to determine appeals from decisions of the Benelux Office for Intellectual Property (“BOIP”). Previously, appeals against BOIP decisions were not centralized: an appellant was entitled to appeal the decision before the courts of appeal in Brussels, the Hague, or Luxembourg. This led to some discrepancies between the case law of these courts.

The case related to a refusal by the BOIP of an application by food manufacturer Grupo Bimbo to register the word mark THINS in the Benelux, for chips, crackers, cookies, and other snacks in classes 29 and 30, pursuant to Article 2.11(1)(b) Benelux Convention of Intellectual Property (“BCIP”), corresponding to Article 4(1)(b) of the 2015 TM Directive.

In its reasoning, the Benelux Court of Justice underlined the importance for all traders in that field to be free to use terms that are merely descriptive of certain goods and services or their characteristics. The Benelux Court of Justice held that the mark THINS would be viewed by the relevant public as a reference to the appearance and taste sensation of the products. Although English is not an official language in the Benelux, the relevant public has sufficient knowledge and understanding of this language to understand that the meaning of the word “thins” is a reference to the English word “thin” and associate this with the characteristics of the goods sold under that mark. The mark THINS was thus a purely descriptive sign in respect of the goods for which registration was sought.

The BOIP convinced the Court that the word “thins” is used in a common way to describe a variety of different food products that have a thin shape. The BOIP indicated that basic searches on Google illustrated that fact. Such results showed over a dozen different crackers, cookies, crisps, and bread-like products offered for sale in the Benelux with the English word “thin” prominently used on their

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<sup>43</sup> Case C 2018/7.

packaging or in their name. THINS had therefore become customary on the Benelux market in relation to such goods.

Consequently, the Benelux Court of Justice dismissed Grupo Bimbo's appeal and refused the registration of the trademark THINS for goods in classes 29 and 30 on the grounds that a trademark that consists of and refers to characteristics of the goods is devoid of any distinctive character under article 2.11(1)(b) BCIP/ Article 4(1)(b) of the 2015 TM Directive.

### **11. Austria—Higher Regional Court Vienna— Is a word mark consisting of only one letter capable of distinguishing origin?**

In the case of OLG on February 1, 2019,<sup>44</sup> the Higher Regional Court of Vienna considered the registrability of a trademark consisting only of the letter *T*.

At first instance, the Austrian Patent Office had refused the registration of a word trademark consisting solely of the letter *T* for all applied goods and services, being goods and services in classes 7 (washing and cleaning machines), 10 (medical instruments), 11 (lighting, heating, cooking devices), 12 (vehicles), 35 (planning of events, management, analysing of data, retail services, sponsor search), 39 (energy supply), 44 (medical and beauty services), and 45 (security services, software licensing). The Austrian Patent Office considered that the sign *T* could be registered only if the sign had acquired distinctive character. Although single letters are not automatically precluded from registration, the sign would not be suitable to exclusively identify a single undertaking in relation to the goods and services for which registration was sought because this letter was commonly used as an abbreviation or designation of type.

The Higher Regional Court of Vienna emphasized that the applicable principles of the Austrian Trademark Act (as consistent with the 2008 TM Directive, now the 2015 TM Directive) provide that signs that are devoid of distinctive character are excluded from registration because the sign cannot fulfil the main function of a trademark as an indication of commercial origin. A trademark is distinctive only where it is capable of identifying the goods or services as originating from a particular undertaking and thus distinguishing them from those of others.<sup>45</sup> Signs that may serve to designate the kind, quality, or intended purpose or other characteristics of the goods or service or that are customary in the

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<sup>44</sup> OLG Wien February 1, 2019, 133 R 110/18a.

<sup>45</sup> Government Proposal for an amendment of the Austrian Trademark Protection Act 1999, RV 1643 BlgNR 20 GP 49, 24.

current language or in the bona fide and established practices of trade to designate the goods or service are also excluded from registration.<sup>46</sup> A sign is therefore unregistrable if the relevant audience understands and interprets the meaning of the term as an indication of the goods or services that it designates, rather than an indication of its origin.

In the past, case law in Austria<sup>47</sup> has tended to deny the inherent distinctiveness of letters or numbers in general, because experience had shown that such signs are used by many undertakings to designate certain characteristics of goods (size, variety, quality) and are hence not inherently capable of indicating origin from a particular undertaking. However, the CJEU has already pointed out that the general capacity of a single letter to constitute a trademark does not mean that the sign actually has distinctive character in relation to a specific product or service.<sup>48</sup> Thus, the distinctiveness of a single letter always depends on the understanding of the audience addressed in respect of the goods/services for which registration is sought. The fact that the abbreviation “T” might, among others, refer to a physical unit (such as Tesla or Ton) does not alter the fact that those units of measurement are not descriptive in relation to the services for which the applicant sought registration. In respect of any particular application for registration, whether or not single letters are capable of being registered as a trademark will depend on the specific goods and services for which registration is applied for. The Higher Regional Court Vienna held that the sign T could be registered as a trademark for the goods and services applied for registration in classes 35, 39, 44, and 45, whereas a registration for the goods and services applied for registration in classes 7, 10, 11, and 12 would be possible only if the sign had become distinctive in relation to the goods or services for which registration is sought as a consequence of the use that has been made of it. This was because the description of services with a single letter such as *T* in classes 35, 39, 44, and 45 was considered unusual. Contrary to this, a description with a single letter was more customary in relation to classes 7, 10, 11, and 12.

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<sup>46</sup> Art. 4, para. 1, number 4 Austrian Trademark Protection Act.

<sup>47</sup> *E.g.*, OGH 14.06.1994 4 Ob 61/94; OGH 26.09.2016 4 Ob 164/16w; OGH 25.09.2018 4 Ob 66/18m.

<sup>48</sup> *See* CJEU, Case C-265/09 P – letter *a*.

**12. Germany—Federal Patent Court—  
Are celebrity names as trademarks  
perceived as indicating subject or source?**

In its decision of February 2, 2019,<sup>49</sup> the Federal Patent Court of Germany considered the distinctive character of a celebrity name as a trademark in respect of data carriers, printed matter, and publication services.

The case relates to world champion swimmer Franziska van Almsick, well known in Germany and beyond, who had sought to register her name “Franziska van Almsick” as a German trademark for various goods and services, including “sound, image and data carriers” in class 9, “printed matter, journals, magazines, books” in class 16, and “publication of printed matter” in class 41.

The German PTO rejected the application, considering that the name lacked distinctiveness and would be perceived as the subject matter/topic of such goods and services, rather than an indication of their source. A lack of distinctiveness may arise even where the personal name does not immediately associate a direct factual reference to a particular product, an inventor or a particular style or individual to German consumers, as it would for “Diesel” (motors), “Wankel” (motors), “Röntgen” (X-rays), or “Stresemann” (a particular style of semi-formal male suit with striped trousers). The names of well-known persons may also lack distinctive character where the relevant trade circles may understand the reference to the name of the person concerned to be a description of the subject matter of those goods rather than as an indication of their commercial origin. Here, the public would associate the name “Franziska van Almsick” as relating to that individual’s sporting success and wider celebrity, so in the context of data carriers, magazines, and books that name would be perceived as a title or subject matter of such publications and would be incapable of distinguishing origin.

The Federal Patent Court overruled the PTO’s decision, emphasizing that personal names are one of the most traditional means of source identification and are ordinarily distinctive as a rule. It is only where there are special circumstances relating to the relevant goods and services that the relevant public might perceive the name as a description of content rather than an indication of source. However, special circumstances have been established in previous case law (in particular for books, periodicals, and films) in class 16, as the name of a well-known person will often be associated not only with that person as such but also with the success on which that reputation is based. This might arise from the creative or artistic achievements of writers, composers, and actors, the sporting

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<sup>49</sup> Case No. 27 W (pat) 519/18.

success of athletes, the regular media appearance of a television presenter, or the achievements and public persona of politicians and dignitaries. Such names would lack distinctive character for printed matter and similar media as an indication of content and subject, not commercial source.

This approach was rejected by the Federal Patent Court. In the assessment of the distinctive character of the name of a well-known living individual, the customs of the relevant product sector must also be taken into account. This includes the way in which the relevant designations are normally used on the goods concerned, including, in particular, the place the name is affixed. This is because the normal use of a sign determines the public's perception of the sign. When a consumer encounters a sign in a place where trademarks are usually found, they tend to regard it as an indication of origin. Conversely, use of that name by affixation in a place not normally associated with a source indication would more be perceived as a descriptive use.

The Federal Patent Court emphasized that a minimum degree of distinctiveness does not require that *every possible use* of the sign is use as a trademark. It is sufficient that there are practically significant and obvious possibilities of using the sign in such a way that the public will perceive it as a trademark. A sign may thus be devoid of distinctive character if, in the most probable form of use, it is not perceived by the public as an indication of origin. The Federal Patent Court concluded that the mark FRANZISKA VAN ALMSICK must be assumed to be used in a manner consistent with use as an indication of origin and assessed in that light.

Applying such notional use in the context of image, sound, and data carriers (CD, DVD, and CD-ROMs) and printed matter (books and periodicals), the public would be accustomed to the fact that *both* the topic or subject of these products (i.e., the title of the work and the authors, actors, directors, screenwriters, composers, or musicians responsible for it) *and* the indication of origin (i.e., the book publisher, music label production, and distribution company) are indicated next to each other. Since such indications tend to predominantly be found in predetermined locations on the goods, the public is able to deduce whether it is an indication of an author, a title, or a publisher. For example, it is common practice in the sale of books to highlight the author and work title (including graphical elements) and generally place them in the upper two thirds of the book cover. The indication of origin, being the publisher's indication, is almost always found in a smaller font at the bottom of the book. The same practice applies to image and sound carriers, where the indication of origin is usually smaller than the title and the author's name on the front or might only be on the back of the data carrier.

Following such established practice, a consumer can be expected to assume that the name at the bottom of the book cover will be the



name of the person or company responsible for the publication and not the object or theme of the product in question (even where that name is well known for matters other than publishing). Conversely, if that name appears in the middle of the book cover, the public will only recognize it as the author's name or the subject matter of the book. It was held that similar considerations would apply in respect of the publication services sought in class 41.

**13. Ireland—Trade Mark Controller—  
FINGERS mark refused registration  
on basis of absolute grounds and  
lack of acquired distinctiveness**

On April 8, 2019,<sup>50</sup> the Irish Trade Mark Controller issued a lengthy decision finding in favor of Mars Incorporated (“the opponent” or “Mars”) against Cadbury UK Limited (“the applicant” or “Cadbury”) in opposition proceedings regarding an application by Cadbury to register the word “FINGERS” as a trademark.

In late 2011, Cadbury sought to register the word “FINGERS” as a trademark with the Irish Patents Office in respect of “Chocolate, confectionery (other than frozen confections) and biscuits” in class 30. The mark was filed and published on the basis that the trademark FINGERS was inherently distinctive. The Office objected and the matter proceeded to an *ex parte* hearing where Cadbury successfully argued that the mark had acquired distinctiveness through use and the mark proceeded to publication for a second time.

Following such publication, Mars lodged an opposition on the basis that the application was contrary to a number of the absolute grounds of objection. These included most of the absolute grounds contained in Section 8 of the Irish Trade Mark Act 1996 (“the Act”) (equivalent to Article 3 of the 2008 TM Directive), but in line with the hearing officer's decision this note focuses on Sections 8(1)(b) (lack of distinctive character), 8(1)(c) (descriptiveness) 8(1)(d) (customary use in the trade in question) and the acquired distinctiveness proviso to these prohibitions.

At a hearing in respect of that opposition, the Controller noted that the Section 8(1)(d) objection concerned whether, at the application date, the term “fingers” was a customary term in the confectionery and biscuit trade in Ireland. The applicant admitted that the term was generic in the UK and was used in relation to biscuits but submitted that in the (very much smaller) Irish market there was little use of the term “fingers” for confectionery and that such use was also very recent. The Hearing Officer found that

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<sup>50</sup> Decision dated April 8, 2019, under the Trade Marks Act 1996 of The Controller of Patents, Designs and Trade Marks between Cadbury UK Limited (Applicant) and Mars Incorporated (Opponent).

although the opponent's evidence may have post-dated the application date, it reflected the position as at that date. Considering the considerable overlap in the chocolate, biscuit, and confectionery trade between the two jurisdictions and their shared language, brands, and advertising and also the admitted fact that "fingers" had become generic in the UK long ago, he went on to find that at the date of the application the term "fingers" was in use in the State in respect of the shape characteristic of chocolate, confectionery, and biscuits for the purposes of Section 8(1)(d) of the Act.

Following established case law in relation to Section 8(1)(c) (Article 7(1)(c) of Council Regulation 40/94),<sup>51</sup> the Controller stated that it was a matter of determining whether the mark at issue would be viewed by the average consumer as a means of directly designating an essential characteristic of the goods for which registration is sought. The Controller found that not only did the evidence suggest that the term "fingers" had been used in Ireland in relation to confectionery and biscuits but that Irish consumers also used the term to refer to a portion of these goods. The fact that the applicant had submitted in evidence that "Cadbury has used its trade mark FINGERS for upwards of at least seventy years in Ireland in connection with chocolate-coated biscuits of a particular shape" only helped confirm to the Hearing Officer that the term had not been used by the applicant in connection with products other than "finger shaped" biscuits. As a result, he found that the term "fingers" served in trade to designate the shape of the relevant goods and therefore the application also contravened Section 8(1)(c) of the Act.

The Controller noted that once a mark is found to offend Section 8(1)(c) or Section 8(1)(d), it is incapable of performing the essential function of a trademark and it must follow that the subject mark is devoid of distinctive character and should be refused under Section 8(1)(b).

Sections 8(1)(b), (c), and (d) are, however, all subject to the proviso as to whether the mark in question has acquired distinctiveness through use made of it by the proprietor. Counsel for Cadbury argued that the mark had been in substantial and continuous use in the state since the 1950s. Although the Controller was satisfied that the sign FINGERS had been used by the applicant for some time, he did not feel that the term had become synonymous with the applicant alone. He found that the evidence merely demonstrated that the term "fingers" is a common term to

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<sup>51</sup> Including in particular: *Wm. Wrigley Jr. & Company v. OHIM*, Case C-191/01P (Doublemint); *Koninklijke KPN Nederland NV v. Benelux Merkenbureau*, Case C-363/99 (Postkantoor); *Ford Motor Co v. OHIM*, T67/07; *Sykes Enterprises v. OHIM* (Real People Real Solutions [2002] ECT II-5179); *Matratzen Concord AG v. Hukla Germany SA*, Case C-421/04.

describe biscuits and had been used by many traders in relation to finger-shaped chocolate-coated biscuits. He placed particular significance on the applicant's statement, as noted above, that it had used the term in relation to chocolate coated biscuits of a particular shape and that there was no evidence that Cadbury had used the mark in relation to any other products. The evidence also demonstrated that the term "fingers" was always used by traders (including the applicant) together with their house mark, which did not support a case that the mark had developed secondary meaning in a trademark sense in relation to the applicant's goods. Accordingly, the Hearing Officer concluded that the mark applied for had not acquired a distinctive character through use.

In view of his findings in relation to Sections 8(1)(b), (c), and (d) of the Act, the hearing officer upheld the opposition and refused to allow the applicant's sign to proceed to registration. It is notable that under recent amendments to the Irish Trade Mark Act 1996 following Ireland's implementation of the 2015 TM Directive, third parties are no longer be able to file oppositions in Ireland based on absolute grounds but must instead rely upon post-grant invalidity proceedings.

### **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 post-registration be declared invalid), 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 an earlier unregistered rights.

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

- (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 4(1)(a) of the 2008 TM Directive/ 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 accounts for much of the case law.

The relevant provisions are set out in Article 8(1)(b) of the 2017 EUTM Regulation and Article 4(1)(b) of the 2008 TM Directive/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 trademark dilution and unfair advantage (although not precisely the language used in the legislation)—see in Article 8(5) of the 2017 EUTM Regulation and Article 5(3)(a) of the 2015 TM Directive.

The rules on dilution and unfair advantage apply only in situations in which the earlier mark has a reputation in the EU, or in the relevant EU Member State. Claims of this type do not depend on any similarity of goods/services and may be brought irrespective of whether or not the contested application covers goods or services identical or similar to those for which the earlier mark is protected or in which it has acquired its reputation. Some similarity between the marks is still a requirement 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 or the reputation of the senior mark.

The dilution and unfair advantage rules relating to EU trademarks are found in Article 8(5) of the 2017 EUTM Regulation. The corresponding rules relating to applications proceeding before the national trademark authorities of the EU Member States were set out in Articles 4(3) and 4(4)(a) of the 2008 TM Directive, dealing, respectively, with the protection of earlier EUTMs and earlier national trademarks. These provisions were combined and modified in the 2015 TM Directive at 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 (corresponding to Article 53 in the old 2009 EUTM Regulation), and in Article 4(4) of the 2008 TM Directive. These provisions are now found at Articles 5(3)(b) and (c) and 5(4) of the 2015 TM Directive. The wording at Article 5(3)(c) of the 2015 TM Directive is new, which potentially enables the owner of a designation of origin or a geographical indication to prevent the registration of a subsequent trademark.

As always, there is a wealth of available case law for this section of the Review. As a final court of appeal in respect of many of the decisions made by EUIPO and its Boards of Appeal (in particular in

respect of oppositions and invalidity), any given year typically includes an abundance of CJEU case law in respect of relative grounds conflicts. The same may be said of the General Court as the penultimate tribunal of appeal. This Review attempts to select notable or interesting cases of this nature, rather than exhaustively cover each, but some form of editorial selection is both inevitable and necessary.

Particular highlights include the CJEU's decisions in *LUBECA/LUBELSCA*, *SO BIO*, demonstrating the multifaceted analysis required on a comparison of overall impression, taking into account dominant, distinctive, and non-distinctive elements, while the General Court considered the potential conflict between two trademarks for technology products and the age-old question (at least in the English language) as to whether apples and pears can be compared to each other. The extent of methodology and quantitative and qualitative methods of comparison was examined by the CJEU in *FTI Touristik* (in respect of the likelihood of confusion) and by national courts in Portugal and Poland in relation to the extended protections afforded to trademarks with a reputation. Finally, national courts in Denmark, Sweden, and Germany considered the proper scope of protection and analysis of particular forms of trademarks in their conflict with earlier rights, including "position or figurative" trademarks, grayscale/monochrome trademarks, and trademarks composed of acronyms.

## ***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<sup>bis</sup> of the Paris Convention.

(Note: paragraph 3 was 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.

(Note: paragraph 6 was 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;
  - (Note: paragraph (b) was 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.
  - (Note: paragraph (d) was 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) were omitted.)

#### **Article 4 of the 2008 TM Directive**

1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:
  - (a) if it is identical with the earlier trade mark, and the goods or services for which registration is applied for or is registered are identical with the goods or services for which the earlier 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; 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 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;
  - (b) EU trade marks which validly claim seniority, in accordance with [the EUTM Regulation] from a trade mark referred to in (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 a Member State, in the sense in which the words “well known” are used in Article 6<sup>bis</sup> of the Paris Convention.
3. A trade mark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier EU trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services [which are not similar to those for which the earlier EU trade mark is registered], where the earlier EU trade mark has a reputation in the Union and where 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 EU trade mark.
4. Any Member State may, in addition, provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:
  - (a) the trade mark is identical with, or similar to, an earlier national trade mark within the meaning of



paragraph 2 and is to be, or has been, registered for goods or services [*which are not similar to those for which the earlier trade mark is registered*], where the earlier trade mark has a reputation in the Member State concerned and where 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) 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 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;
- (c) 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 (b) of this paragraph and in particular:
  - (i) a right to a name;
  - (ii) a right of personal portrayal;
  - (iii) a copyright;
  - (iv) an industrial property right;

(Note: paragraphs (d)–(g) were omitted.)

5. The Member States may permit that in appropriate circumstances registration need not be refused or the trade mark need not be declared 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 derogation from paragraphs 1 to 5, the grounds for refusal of registration or invalidity in force in that State prior to the date of the entry into force of the provisions necessary to comply with the [EUTM Directive], shall apply to trade marks for which application has been made prior to that date.

(Note: By virtue of CJEU case law, the wording of Articles 4(3) and 4(4)(a) of the 2008 TM Directive that appears above in square brackets is effectively to be ignored. In other words, the rule applies whether or not the goods and services in question are similar, including in situations where the goods and services are identical. The 2015 TM Directive includes revised wording to reflect this, at Article 5(3)(a). The new provision in Article 5(3)(a) of the 2015 TM Directive covers both earlier registered national trademarks as well as earlier

EUTMs. This means that, under the new 2015 TM Directive, it is *mandatory* (previously only permissive) for EU Member States to protect earlier national marks with a reputation from dilution, or the taking of unfair advantage, in the same way as they are required to protect EUTMs with a reputation.)

### **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:
  - (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—CJEU—When assessing the likelihood of confusion, what is the overall impression created by the mark as a whole, with regard to both word and figurative elements?

*Republic of Poland and Stock Polska sp. z o.o. v. EUIPO and Lass & Steffen GmbH Wein- und Spirituosen-Import*<sup>52</sup> concerned two conflicting marks, both registered for alcoholic drinks.

On March 14, 2013, Stock Polska applied to register the following trademark with the EUIPO in class 33 for “alcoholic drinks (except beers)”:



Lass & Steffen filed an opposition to the registration of the mark in respect of all goods applied for, on the basis of its earlier registration of the word mark LUBECA in Germany in class 33 for “alcoholic beverages (except beers).”

The Opposition Division of the EUIPO upheld the opposition, finding a likelihood of confusion as a result of the identity of the goods and similarity of marks. This decision was upheld on appeal by the Fifth Board of Appeal of the EUIPO. The applicant then appealed to the General Court, arguing an incorrect application of Article 8(1)(b) of the 2009 EUTM Regulation.<sup>53</sup>

The General Court dismissed the action,<sup>54</sup> holding that the Board of Appeal had been correct in its findings. The Court noted that when a mark is composed of both word and figurative elements (in this case, a crown and curved writing in LUBELSKA), the word element is more distinctive than the figurative elements, and both figurative elements are perceived as essentially decorative and not as an element indicating commercial origin. Further, the Court observed that crowns are figurative elements commonly used in the

<sup>52</sup> [2019] Case C-162/17P (CJEU, January 16, 2019) (EU:C:2019:27).

<sup>53</sup> Now found at Article 8(1)(b) Regulation (EU) 2017/1001 of the European Parliament and of the Council of June 14, 2017, on the European Union trademark, codifying Council Regulation (EC) 207/2009 on the Community trademark.

<sup>54</sup> Case T-701/15.

alcoholic beverages sector and, as such, do not exercise a significant influence on the overall perception of the mark.

The General Court also found that the dissimilarity relating to figurative elements and different spelling could not prevail over the word elements of the two marks, which remained very similar. Finally, as the assessment of the likelihood of confusion must be based on the overall impression given by signs (particularly bearing in mind their distinctive and dominant components), the General Court considered that the Board of Appeal had been correct in finding a likelihood of confusion between the marks at issue as perceived by average German consumers.

Following the General Court's decision, the Republic of Poland, supported by Stock Polska, appealed to the CJEU arguing an incorrect application of Article 8(1)(b) of the 2009 EUTM Regulation. The Republic of Poland submitted that the General Court had failed to properly carry out a global assessment of the likelihood of confusion based on the overall impression created, having regard to the distinctive and dominant elements (the crown device and the curved style of the word element). It also argued that the General Court had conducted a restricted assessment of the similarity of the signs, limiting it to a mere comparison of the word elements, LUBELSKA and LUBECA.

The CJEU rejected these grounds as unfounded and held that the General Court had correctly assessed the likelihood of confusion by examining the marks as a whole, in accordance with previous guidance.<sup>55</sup> Further, as neither the crown device nor the curved writing was liable to substantially influence the overall impression created by the LUBELSKA mark (as both elements would be perceived as decorative), the CJEU also found that the General Court correctly appraised the figurative elements of the LUBELSKA mark and the similarity of the two marks.

The applicant also argued that the General Court infringed the principles of equal treatment, legal certainty, and sound administration by failing to take into account the fact that the EUIPO did not properly apply its previous decision-making practice, as set out in the EUIPO guidelines. The CJEU rejected this, highlighting that the EUIPO guidelines are not binding legal instruments for the purpose of interpreting provisions of EU law. The legality (or otherwise) of the decisions of the EUIPO must be assessed solely on the basis of the 2009 EUTM Regulation, as interpreted by the EU judicature. Additionally, while the EUIPO is required to take its previous decisions into account, the examination

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<sup>55</sup> Set out in the judgments of *Aceites del Sur-Coosur v. Koipe* (Case C-498/07 P, EU:C:2009:503) and *MEGA Brands International v. OHIM* (Case C-182/14 P, EU:C:2015:187).

of any trademark application must be stringent and take into account the specifics in each individual case. Therefore, following the judgment in *Agencja Wydawnicza Technopol v. OHIM*,<sup>56</sup> the CJEU confirmed that the General Court was correct in its assessment, as the registration of a sign as a mark depends on the specific criteria applicable to the factual circumstances of the particular case.

The CJEU accordingly dismissed the appeal, concluding that, even in the absence of an express rule, the reasons given by the General Court showed that it had considered the figurative elements to be significant whereas on the General Court's view, the word element was not dominant. Therefore, the General Court had sufficiently stated its reasons for the existence of a likelihood of confusion, applying the proper legal standard.

## **2. EU—CJEU—Does the conflicting nature of goods covered by a trademark damage the reputation of similar, earlier trademarks?**

*Groupe Léa Nature SA v. EUIPO*<sup>57</sup> concerned the appeal to the CJEU by cosmetics company Group Léa Nature in respect of its EU trademark registration for the figurative mark reproduced below. The trademark was applied for in (among others) classes 3 and 25 for “preparations for skin, scalp and body care; perfumes; aftershave preparations; cosmetics” and “bleaching preparations and cleaning preparations.”



In September 2008, Debonair Trading Internacional Lda (“Debonair”) filed a notice of opposition against the application on the basis of its existing UK and EU trademarks SO....? registered in classes 3 and 25. Debonair’s opposition was ultimately rejected by the Opposition Division in its entirety and Debonair appealed to the

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<sup>56</sup> Case C-51/10 P, EU:C:2011:139.

<sup>57</sup> Case C-505/17 P.

First Board of Appeal of the EUIPO. The Board of Appeal agreed with Debonair that both marks were visually and phonetically similar, given the common dominant element “so” and the fact that the goods covered by both marks were similar or identical. The Board of Appeal held that Debonair’s marks had acquired a reputation in the EU in respect of cosmetics and that Debonair owned a family of marks containing the “SO....?” element in the same sector as the applicant. Annuling the decision of the Opposition Division, the Board of Appeal concluded that there was a likelihood of confusion between the marks at issue and that the applicant’s trademark registration should be rejected.

Appealing to the General Court, the applicant argued that the Board of Appeal had (i) breached the principles of legal certainty, protection of legitimate expectation, and the right to a fair hearing; (ii) incorrectly assessed the genuine use of Debonair’s marks; and (iii) incorrectly applied Articles 8(1)(b) and 8(5) of the 2009 EUTM Regulation relating to relative grounds for refusal. In considering the appeal, the General Court rejected many of the applicant’s arguments but did uphold the argument that the marks at issue were not similar and that Articles 8(1)(b) and 8(5) of the 2009 EUTM Regulation has been incorrectly applied.<sup>58</sup>

Following an appeal by Debonair in 2014 against this decision (and a separate cross appeal by the EUIPO), the CJEU set aside the General Court’s decision and referred the case back to the General Court for re-determination.<sup>59</sup> In its further consideration of the case, the General Court this time rejected the applicant’s submissions in relation to Articles 8(1)(b) and 8(5) of the Regulation and dismissed the applicant’s action entirely.<sup>60</sup> The General Court noted that since neither Debonair nor EUIPO had appealed against its judgments on the applicant’s first and second pleas, those issues would not be examined. The applicant appealed to the CJEU against the decision of the General Court, again, on the basis that Articles 8(1)(b) and 8(5) of the 2009 EUTM Regulation had been applied incorrectly.

In considering the proper application of Article 8(1)(b) of the 2009 EUTM Regulation, the CJEU first considered the applicant’s argument that the General Court had wrongly carried out its assessment of the relevant public. The applicant argued that the relevant public was composed of consumers in the EU as a whole and not, as the General Court had determined, English-speaking consumers only. The CJEU rejected the Applicant’s submissions, on the basis that it was partly inadmissible and partly unfounded. The CJEU observed that the applicant had incorrectly interpreted the

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<sup>58</sup> Case T-341/13.

<sup>59</sup> Case C-537/14 P.

<sup>60</sup> Case R 203/2011-1.



General Court's findings, and had not, in any event, raised this argument before the General Court.

The CJEU dealt next with the similarity of the marks at issue. The applicant had argued that the General Court had not accurately assessed the distinctive and dominant nature of the "so" elements of the marks by failing to assess the overall impression of the marks at issue as well as the individual elements such as the the word "so," the punctuation (dots and question marks), and the element "etic." Rejecting this ground of appeal, the CJEU held that the General Court had correctly applied a global assessment of the marks at issue in determining whether there was a likelihood of confusion. In particular, the General Court had correctly recognized that the element "so" was the first element of the Debonair marks and was also wholly included, as the first element, in the mark applied for by the applicant. The General Court correctly held that it is often the first element of a mark to which consumers pay the most attention.

The CJEU similarly rejected the applicant's argument that there could be no likelihood of confusion between the marks at issue as the "bio" element of the mark sought was also dominant. The CJEU reiterated that two marks could be similar even where the marks were composed of more than one dominant element. As for the other elements of the marks, the General Court had adequately assessed those elements as negligible, specifically the General Court noted that "etic" was unlikely to be remembered by the public owing to its smaller size and positioning at the bottom of the mark. Contrary to the applicant's submissions, the General Court had provided sufficient reasoning and correctly assessed the evidence presented.

In respect of Article 8(5) of the 2009 EUTM Regulation, the CJEU confirmed that the General Court had properly applied the necessary criteria to assess the reputation of Debonair's marks. The General Court had correctly considered the various relevant factors, including the market share held by the "SO....?" trademarks and the intensity, geographic extent, and duration of its use, concluding that the "SO....?" trademarks had a reputation in a substantial part of the EU.

The CJEU also rejected the applicant's argument that the General Court had failed to assess the link between the marks. The General Court had reviewed the similarities between the goods and services and the reputation of Debonair's marks, concluding that the relevant public would adversely link Debonair's mark, which had a reputation for cosmetics, and the mark applied for, which was used for cleaning products. It followed from this that the General Court had adequately set out the conflicting goods covered by the marks at issue and the "risk of tarnishment" for Debonair's marks and

explained that consumers could consider Debonair’s cosmetic products to contain toxic or harmful substances.

### 3. EU—CJEU—Do alleged methodological errors in assessing the existence of a likelihood of confusion amount to an error of law?

In *FTI Touristik v. EUIPO*,<sup>61</sup> the CJEU heard the appeal of FTI Touristik GmbH (FTI) to annul the General Court’s judgment<sup>62</sup> under Article 8(1)(b) of the 2009 EUTM Regulation.<sup>63</sup>

On October 7, 2013, the interveners Harald Pratner and Daniel Giersch filed an application for registration of the following EU figurative trademark for various goods and services in classes 16, 39, and 43:



In February 2014, FTI filed a notice of opposition against the mark on the grounds of Article 8(1)(b) of the 2009 EUTM Regulation citing a likelihood of confusion. The opposition was based on its earlier registered EU figurative trademark (as below), registered for various goods and services in classes 16, 39, 41, and 43:



On February 3, 2015, the Opposition Division upheld the opposition entirely. That decision was annulled by the Fifth Board of Appeal of the EUIPO. The Board of Appeal ruled that FTI’s earlier mark had an average inherent distinctive character for non-English speaking consumers and a weak inherent distinctive character for the English-speaking public. It further concluded that there was no likelihood of confusion due to the phonetic, conceptual, and visual differences between the signs.

<sup>61</sup> Case C-99/18P (CJEU, July 4, 2019) (EU:C:2019:565).

<sup>62</sup> Case T-475/16, not published (GC, November 30, 2017) (EU:T:2017:867).

<sup>63</sup> Now found at Article 8(1)(b) of the 2017 EUTM Regulation.

The General Court dismissed FTI's appeal on November 30, 2017, on the basis that the Board of Appeal was justified in finding that no likelihood of confusion existed and on the basis of the Board of Appeal's assessment of distinctive character, which had been appropriately carried out. The General Court noted that FTI had in any case failed to establish that the Board of Appeal had wrongly concluded that there was no likelihood of confusion.

On appeal to the CJEU, FTI argued under a single ground of appeal divided into four parts, arguing that the General Court had wrongly applied the relevant provisions of Article 8(1)(b).

First, FTI argued that the General Court had made a "methodological error" in its assessment of likelihood of confusion in failing to consider the similarity of the name in normal script of the contested mark applied for with the earlier mark. FTI additionally alleged that the General Court had disregarded its obligation to state reasons for failing to examine the applicant's argument based on that name. The CJEU held that this ground of appeal was admissible as: (a) failure to take into account all factors relevant to the circumstances when assessing likelihood of confusion on the part of the public constitutes an error of law that may give rise to an appeal; and (b) citing its earlier judgment in *Dansk Rørindustri and Others v. Commission*,<sup>64</sup> the extent of the obligation to state reasons is also a question of law reviewable by the CJEU.

In assessing the merits of the first part of the ground of appeal, the CJEU ruled that the General Court had not erred by failing to consider the name of the contested mark "fly" in normal script, as set out in the *EU Trade Marks Bulletin*. The CJEU agreed with the General Court that the name in normal script of a figurative mark could not be decisive in the assessment of the phonetic impression of a figurative mark in opposition proceedings. The General Court had therefore stated its reasoning as it had implicitly considered that the name in normal script of a figurative mark was irrelevant for the purposes of determining the relevant public's phonetic perception of the contested mark.

FTI's second argument was based on another methodological error in relation to the General Court's finding of no similarity between the signs, without sufficient justification. While the CJEU concluded that this argument was admissible, the argument was rejected for being based on a misreading of the judgment. The CJEU considered that the General Court had merely established that the Board of Appeal had been justified in finding no likelihood of confusion and that the General Court had not relied on a "cancelling out" of the phonetic similarity by the visual difference of the signs when assessing similarity.

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<sup>64</sup> Case C-189/02 P, C-202/02 P, C-205/02 P to C-208/02 P, and C-213/02 P (CJEU, June 28, 2005) (EU:C:2005:408), at para. 453.

The CJEU also ruled that FTI's third argument regarding the General Court's error in finding that there was no phonetic similarity between the marks due to the ".de" element of the earlier mark was unsuccessful. The General Court's assessment of a lack of phonetic similarity between the marks was based on its findings that: (a) the letter *y* and the heart symbol applied for are very different; (b) it is unusual to replace the letter *y* with such a symbol; and (c) the relevant public would therefore be unlikely to detect the letter *y* in the heart element of the contested mark applied for. In addition, the General Court had only considered for the sake of completeness that, should consumers identify the letter *y* in the stylized heart symbol, the phonetic coincidence between the word element "fly" in both signs would nevertheless be weakened by the ".de" element in FTI's earlier mark. The CJEU reiterated its earlier judgment in *Intel v. Commission*<sup>65</sup> and confirmed that complaints directed against grounds included in a judgment purely for the sake of completeness could not, in any event, lead to the judgment being set aside under appeal.

Finally, in response to the fourth argument that the heart symbol in the contested mark was intended by the interveners to be replaced by the letter *y*, as it had used a heart symbol in place of a *y* in all of their other EU trademarks, the CJEU ruled that this argument merely challenged the factual analysis of the General Court and was therefore inadmissible.

#### **4. EU—General Court—Similarity of marks— Are apples similar to pears for the purposes of an EU trademark application?**

*Pear Technologies v. EUIPO*,<sup>66</sup> concerned Pear Technologies Ltd. ("Pear"), a Chinese digital marketing company, and its EU trademark application for the figurative pear sign represented below.

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<sup>65</sup> Case C-413/14 P (CJEU, September 6, 2017) (EU:C:2017:632), at para. 63.

<sup>66</sup> [2019] Case T-215/17, EU:T:2019:45, ECLI:EU:T:2019:45.



The application relates to various goods and services, including computer software, consultancy services, and computer services in classes 9, 35, and 42, respectively.

In January 2015, global technology company, Apple Inc. (“Apple”), filed a notice of opposition against Pear’s application based on its earlier well-known EU figurative mark (below) also registered for goods and services in classes 9, 35, and 42.



In March 2016, the Opposition Division upheld Apple’s opposition on the basis that Apple Inc.’s mark had a reputation under Article 8(5) of the 2009 EUTM Regulation.

Pear appealed to the Fifth Board of Appeal of the EUIPO arguing an incorrect application of Article 8(5) of the Regulation by the Opposition Division. In particular, Pear submitted that there were no similarities between the marks. Specifically, the mark applied for was an abstract representation of a pear, which is made up of numerous mosaic squares and the word “PEAR,” while Apple’s mark in contrast consists of a solid silhouette of an apple with a bite taken out of it and a leaf element at the top of the fruit. In dismissing the appeal, the Board of Appeal considered the visual and conceptual similarities between the two marks and held that, in contrast to Pear’s submissions, there was remote visual similarity between the two marks. The Board of Appeal accepted that the marks differed in some respects but held that ultimately both marks depicted “sleek rounded silhouettes of fruit” and included elements at the top of the main object that were positioned in a similar way (a leaf and a stem). In relation to conceptual similarities, the Board of Appeal held that there was also some weak conceptual similarity

since apples and pears are similar in terms of biology, size, colors, and texture. The Board of Appeal considered that the two fruits often act as alternatives to each other.

Turning next to the perception of the consumer, the Board of Appeal confirmed that because of the strong reputation and uniqueness of the apple logo, the “somewhat mocking” image of the pear would establish a link with Apple’s earlier mark. Further, the Board of Appeal held that use of the mark by Pear was without due cause and risked taking unfair advantage of the repute of Apple’s mark. In particular, the Board of Appeal considered that given the highly distinctive use of fruit in the relevant sector, and the similarity between the goods and services covered by the marks, consumers would likely perceive Pear’s goods and services as a comparable alternative.

Pear appealed to the General Court, again arguing that Article 8(5) of the 2009 EUTM Regulation had been incorrectly applied. Pear argued that the Board of Appeal had erred in its analysis of (i) the similarity of the marks; (ii) the link between the two marks; (iii) unfair advantage; and (iv) the existence of due cause for use of the mark applied for.

The General Court agreed with Pear’s submissions that the signs are dissimilar. Specifically, taking into account the marks’ distinctive and dominant elements from the point of view of the average consumer, the General Court observed that: (i) Pear’s mark comprised a “large number of squares with curved edges of black colour . . . [which] form the image of a pear in the mind of the observer.” This contrasted with Apple’s mark, which would be viewed as “an apple, with a bite taken out of it, with a leaf sitting on top”; (ii) The Board of Appeal had incorrectly dismissed the word “PEAR,” which appears on Pear’s mark as negligible since it contributed “significantly to determining the image of the mark”; and (iii) while the positioning of the stem or leaf elements were similar, “the concrete shape and size of those elements [were] very different.”

In considering the conceptual similarities of the marks at issue, the General Court also found that there were clear differences between the concepts conveyed by the two marks. Although both marks were fruits, the average consumer would never refer to the signs in such general terms. Consumers would be specific in referring to the signs as either “apple” or “pear”; this, therefore, provided an immediate conceptual difference between the signs. In addition, while both fruits belonged to the same plant family, the General Court noted that the average consumer was unlikely to be aware of that. The General Court confirmed that the mark applied for presented “the idea of a full pear,” as opposed to a fruit that had a bite taken out of it, and the concept of a pear with a stem differed to that of an apple with a leaf. Most notably, the General Court also

held that “in several EU languages, apples and pears are used in proverbs to illustrate that two things are different and not comparable.” For these reasons the Board of Appeal had been wrong to find that there was any visual and conceptual similarity between the conflicting signs.

**5. EU—General Court—Analysis of the comparisons  
between marks composed of personal names  
to establish likelihood of confusion in an opposition**

*Luciano Sandrone v. EUIPO*<sup>67</sup> concerned the application for the registration of an EU trademark by the applicant, Mr. Luciano Sandrone, consisting of his first name and surname (LUCIANO SANDRONE) for goods and services in classes 16, 33, and 35. In relation to class 33, the application was made for “Alcoholic beverages (except beer) [and] preparations for making alcoholic beverages.”

On November 16, 2015, J. Garcia Carrion, SA (“Garcia Carrion”), a Spanish company, filed a notice of opposition against Mr. Sandrone’s application based on its earlier EU word mark DON LUCIANO (the “Earlier Mark”) for “Alcoholic beverages (except beer)” in class 33. Garcia Carrion argued that a likelihood of confusion existed under Article 8(1)(b) of the 2009 EUTM Regulation (now Article 8(1)(b) of the 2017 Regulation) owing to the similarities of the signs.

In rejecting Garcia Carrion’s opposition, the Opposition Division of the EUIPO held that the only similarity between the signs was the first name “Luciano.” The Opposition Division confirmed that this element was less distinctive than the surname “Sandrone,” and that most of consumers’ attention would turn to the surname element. It followed that according to the Opposition Division, a consumer paying an average level of attention would be able to differentiate the respective goods and services and therefore no likelihood of confusion existed. Garcia Carrion appealed to the Second Board of Appeal of the EUIPO, which annulled the Opposition Division’s decision and upheld Garcia Carrion’s opposition. Mr. Sandrone appealed to the General Court arguing that the Second Board of Appeal had incorrectly applied Articles 47(2) and 47(3) of the 2009 EUTM Regulation relating to genuine use and Article 8(1)(b) of the 2009 EUTM Regulation relating to the similarity of the signs.

The General Court considered the question of genuine use first. The General Court reiterated the established test that genuine use of a mark exists where the mark is used to differentiate the origin

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<sup>67</sup> [2019] (EU:T:2019:452).

of the goods or services for which it is registered. There is no “genuine use” where there is simply “token” use to preserve the rights conferred by the mark.<sup>68</sup> The Court noted that any evidence would need to establish the place (to be sufficiently widespread), duration, extent, and nature of use of the Earlier Mark. As set out in Article 47(2) of the 2009 EUTM Regulation, Garcia Carrion was required to show proof of genuine use during the five years preceding the filing date for the application opposed, being August 18, 2010, to August 17, 2015, inclusive.

The Court noted that Garcia Carrion had adduced 53 sample invoices dating between 2011 and 2015 sent to various clients; an announcement that appeared in a wine catalogue for a two-week period in 2010 reading “DON LUCIANO 2009 D.O. – La Mancha”; an undated brochure with pictures of wine bottles with the brand “Don Luciano” on their labels; and a screenshot dating back to 2014 of marketing materials from Garcia Carrion’s website.

In considering the duration of use, the Court found that this criterion had been satisfied. Use did not need to be uninterrupted to constitute genuine use, there need only be consistent use that is established by the repetition of relevant acts. Given that the invoices covered most of the five-year period they established consistent use. The Court also found that the catalogue was proof that the goods had been placed on the market and offered for sale to consumers during this period.

In deciding whether Garcia Carrion’s evidence satisfied the various conditions of genuine use, the General Court confirmed first that the invoices satisfied the location criterion since they related to a large part of the EU (eleven Member States). In respect of the extent of use, the General Court found that this criterion had also been satisfied. The General Court observed that “[the] invoices provide[d] ample evidence to establish extent of use.” The invoices alone showed that several thousand bottles of wine had been sold and that the total values of sales were “non-negligible.”

Finally, the General Court turned to the nature of use and confirmed that this was also met. The Court rejected the applicant’s argument that the appearance of wine in a catalogue did not amount to marketing of that wine. The Court also accepted that reference to “D. LUCIANO” on several invoices rather than “DON LUCIANO” was because there was a lack of space. The General Court confirmed that in Spanish, “D” is an abbreviation of “Don” and that “VINO D. LUCIANO” was supported by other items that indicated the nature of the goods. Although the labels in the catalogue and brochure showed the Earlier Mark in a different graphic form, word marks should be considered used to the extent that the graphic addition does not alter their general impression.

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<sup>68</sup> VITAFRUIT, Case T-203/02 (EU:T:2004:225).



In relation to the proper application of Article 8(1)(b) of the 2009 EUTM Regulation, the General Court assessed the similarities of the signs. Regarding the comparison of the goods, the Court rejected Mr. Sandrone's arguments that there was a difference in the origin of the grapes, or label and price of the wine. The General Court observed that the application had not been restricted to certain designations of origin, or varieties of grape. Furthermore, the goods referred to in the application were intended for general consumption and the wines referred to were not limited to luxury wines. It was clear that the goods covered by the application and those of the Earlier Mark were identical.

In view of a global assessment of the likelihood of confusion, the General Court held that for the Earlier Mark, the element "Luciano" was more distinctive than "Don" because "Don" was shorter and was used as a title in Italian and Spanish. In relation to Mr. Sandrone's sign, the General Court confirmed that "Sandrone" is more distinctive than "Luciano" (but did not render the latter negligible). Specifically, the General Court noted that a first name will not necessarily be perceived as rare by the relevant public in a Member State merely because it is not common there. Before carrying out the visual, phonetic, and conceptual comparison of the signs, the distinctive element of each sign should have been identified; namely, "Luciano" in the Earlier Mark, and "Sandrone" in the sign covered by the application. The Board of Appeal had erred in failing to do the latter. In particular, the General Court held that the Board of Appeal had not correctly carried out a global assessment of the likelihood of confusion since it had failed to take into account all of the relevant factors. Depending on the facts of the case, it was possible that there could be no likelihood of confusion even where identical goods are involved but there is weak similarity between the marks.

In considering the visual and phonetic similarity, the General Court noted that there was at least low similarity between the signs because both marks shared the first name "Luciano." A conceptual comparison was not possible, however. The Court highlighted the literal and legal definition of the term "concept" and found that the first name, "Luciano," and surname, "Sandrone," used by the signs neither convey a general and abstract idea nor any "semantic content."<sup>69</sup> In that way, the Board of Appeal had been wrong to determine that average conceptual similarity existed. There was no likelihood of confusion between the two signs and the General Court upheld the applicant's second claim in the appeal.

In view of these considerations, the General Court determined that given the lack of a link between the marks, there was no need

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<sup>69</sup> SABEL v. Puma, Case C-251/95 (CJEU, November 11, 1997) (EU:C:1997:528).

to examine whether the applicant had proven a likelihood of undue detriment or unfair advantage.

**6. The Netherlands—The Hague Court of Appeal—  
Belgium—Brussels Court of Appeal—  
Who is the relevant group when  
determining likelihood of confusion?**

In two cases with similar facts and the same trademark proprietor, the decisions of the Benelux Office for Intellectual Property (“BOIP”) were annulled by the Hague Court of Appeal in *BlackBerry v. Maxnet* and *BlackBerry v. CKL Holdings*. It should also be noted that following a change in the procedural and jurisdictional rules relating to appeals the Courts of Appeal in Brussels, the Hague and Luxembourg are no longer competent to rule on appeals against BOIP decisions. All such appeals are now centralized before the Benelux Court of Justice.

In the first case, BlackBerry Ltd. opposed the registration of the Benelux mark BERRYBOOT. The BOIP concluded that, due to the visual, aural, and conceptual similarity, there was a likelihood of confusion between BLACKBERRY and BERRYBOOT for identical or similar products in the IT field. However, at appellate level, the Dutch Court of Appeal disagreed with the findings at first instance. The Court held that there was a limited degree of visual similarity between the marks. The total number of letters differed, and the common word-element BERRY was placed in different locations—in the front of the contested sign and in the back of the registered trademark, respectively. Further, the Court considered that there was no aural similarity given that, other than the common BERRY-element, the marks were significantly different. Moreover, there was no conceptual similarity, as the contested sign would be perceived as a reference to either a type of footwear (*a boot*) or to starting up a computer (*to boot*). The Dutch Court of Appeal concluded that there was no likelihood of confusion between BLACKBERRY and BERRYBOOT and annulled the BOIP decision.

In the second case, BlackBerry Ltd. opposed the registration of the Benelux mark STRAWBERRY.COM. The BOIP concluded that there was no visual, aural, or conceptual similarity between the marks and no likelihood of confusion on the part of the relevant public. At appellate level, the Brussels Court of Appeal held a different view. The Court underlined the conceptual similarity between the marks, as they both refer to a certain kind of berry. Moreover, the addition of the “.com” element would be perceived by the relevant public as an extension of a generic top-level domain name and thus lacking in distinctiveness. BLACKBERRY and STRAWBERRY were the dominant elements in both marks. Further, although the goods and services were equally targeted at

both professionals and the wider general public, particular account should be taken of the relevant group with the lowest level of attention and knowledge (being the general public). The fact that intermediaries can give advice or might even influence the public in their decision-making did not exclude the possibility of a likelihood of confusion in all cases. Consequently, considering the high distinctive character of the BLACKBERRY mark, there remained a risk of a likelihood of confusion among the relevant public between the marks BLACKBERRY and STRAWBERRY.com. Accordingly, the Brussels Court of Appeal annulled the decision by the BOIP.

**7. Portugal—Lisbon Court of Appeal—  
Can the assessment of the reputation of a trademark  
be exclusively based on qualitative criteria?**

The decision of the Lisbon Court of Appeal in *BELCANTO*<sup>70</sup> considered the test for establishing whether a trademark had acquired a reputation.

On March 14, 2016, Granacer - Administração de Bens, S.A., a Portuguese company (“Granacer”), filed a trademark application for a national trademark in Portugal for the mark BELCANTO (No. 561896) to cover wines (in class 33), which was duly registered by the Portuguese Institute of Industrial Property. An appeal against the decision of the Portuguese PTO to register the mark was filed before the Portuguese Intellectual Property Court by Portuguese company Gonzalez, Garrido & Antela, Lda. (“Gonzalez”), owner of an earlier national trademark for the same mark BELCANTO (No. 455669) registered in respect of “bar services and cafe-restaurants services” in class 43.

Gonzalez argued that both signs were identical to each other and that the services covered by the earlier trademark in class 43 could be considered similar or complementary to the goods covered by the contested trademark in class 33. In addition, the appellant claimed that their earlier trademark BELCANTO had established a reputation in the market such that the later mark would take unfair advantage of the reputation of the earlier mark. The Portuguese Intellectual Property Court upheld the decision of the Portuguese PTO and rejected the arguments of Gonzalez.

Gonzalez appealed to the Lisbon Court of Appeal. In its judgment of May 23, 2019, the Appeal Court considered that the goods for which the later mark had been registered (wine) were indeed complementary to the services covered by the earlier trademark in class 43 (bar services and cafe-restaurants services) since they share the same distribution channels and are directed to the same consumer in the general public.

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<sup>70</sup> Lisbon Court of Appeal, May 23, 2019, 148/17.2YHLSB.L1-8.

The Court also accepted that the earlier Portuguese trademark BELCANTO enjoyed a reputation in the territory of Portugal. The evidence filed by the appellant included documents establishing the media exposure and advertising associated with the proprietor's bar and cafe-restaurant services, which together with the quality of such services and the long-standing presence of the earlier trademark BELCANTO in the market, established the reputation of that trademark with consumers. The Appeal Court also accepted that both national and international reputation had relevance in the recognition of the services provided in connection with the earlier trademark BELCANTO. Overall, the coexistence of the goods and services covered by both trademarks in the market would potentially allow the misappropriation of the reputation and distinctive character of the earlier trademark and the proprietor of the earlier trademark was entitled to object on that basis. It has been noted that the decision of the Lisbon Court of Appeal in BELCANTO is arguably more generous than previous case law in establishing the necessary reputation. In particular, the proprietor in this case established reputation with only qualitative criteria, whereas in previous cases both qualitative and quantitative criteria have been deemed necessary. This "previous" approach can be illustrated by the decision of the Lisbon Court of Appeal,<sup>71</sup> which held that "as for the prestigious trademark, it should enjoy exceptional notoriety, meaning that it must be 'spontaneous, immediate and generally known to the general consumer and not only to the corresponding interested circles, as the distinctive sign of a certain type of goods or services' [evidence of a quantitative nature]; as well as enjoying exceptional attraction and/or satisfaction with the consumers, and must have a high symbolic-evocative value with the consumer, despite not being of large consumption, or with a high degree of satisfaction with the large consuming public [evidence of a qualitative nature]."

### **8. Sweden—Swedish Patent and Market Court of Appeal—What is the proper scope of protection for marks registered in monochrome or grayscale?**

The Swedish Patent and Market Court of Appeal's decision issued in February 2019 in *ContextLogic Inc. v. The Swedish Patent and Registration Office (PRV)*<sup>72</sup> led to a substantial change of practice in Sweden by more closely following EU practice in respect of the scope of protection for marks registered in monochrome or

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<sup>71</sup> Case No. 1135-05.9TVLSB.L1-2.

<sup>72</sup> Case No. PMÖÄ 435-18 (Swedish Patent and Market Court of Appeal, February 27, 2019).

grayscale. Following the Appeal Court's decision, the scope of protection for trademarks registered in black and white or grayscale in Sweden has been significantly limited (see also a similar decision issued by the lower court of the Swedish Patent and Market Court of November 2018<sup>73</sup>).

Prior to this change of practice, in Sweden it was advantageous to register trademarks in black and white or grayscale even if in ordinary use such marks contained a single or even several colors. This was because the protection for such trademarks was deemed to automatically include all possible colors and color combinations. This led to a broader scope of protection, whereas the protection for trademarks registered with specific colors was limited to those specific colors. This previous practice applied to all trademarks on the Swedish trademark register, irrespective of whether such trademarks had undergone a national or international application process.

In 2014, Sweden had acknowledged and supported the work carried out as part of the Convergence Programme through the European Trade Mark and Design Network, which led to the development of a common practice among national trademark offices throughout the EU with regard to trademarks registered in black and white or grayscale. However, Sweden opted out of the implementation of the common practice, citing legal constraints. The Swedish Patent and Registration Office had claimed that it was not able to implement the common practice as preparatory legislation work in Sweden originating from 1958 (a state public report published by a committee appointed by the Swedish Government)<sup>74</sup> stated that the scope of protection for trademarks registered in black and white or grayscale in Sweden was deemed to include coverage for all colors.

In the present case before the Appeal Court, ContextLogic Inc. had filed for registration of the followed trademark in Sweden.



The applied-for trademark



The earlier trademark

<sup>73</sup> Case No. PMÅ 5094-18 (Swedish Patent and Market Court, November 22, 2018).

<sup>74</sup> The State Public Report SOU 1958:10, page 107.

The trademark consisted of the letter *g* in white and a gray-colored square (above, left) in relation to (among others) a certain type of computer software. Following the Swedish Patent and Registration Office's *ex officio* search on relative grounds during its examination of the application, the Office rejected the application due to a likelihood of confusion with an earlier trademark (above, right) consisting of the letter *g* in white and a red-colored square with white edges, also registered in respect of (among others) a similar type of computer software.

Although the Office did not explicitly state this in their decision, it is to be inferred that the Office based their visual comparison of the trademarks on a scope of protection for the pending application, which included a white letter and a red square (i.e., following the color scheme of the earlier cited mark). This was in accordance with the practice at the time, as the protection for the applicant's mark (if registered) would have automatically included color permutations such as the different shades of red found in the earlier trademark. This comparison of the two trademarks, of course, significantly increased the visual similarities between the marks. The Office found both the marks and the goods at issue similar, and therefore rejected the trademark application due to a likelihood of confusion. The applicant appealed the Office's decision to the Swedish Patent and Market Court, which upheld the Office's decision at first instance and dismissed the appeal. The applicant appealed the Court's decision to the Appeal Court.

The Appeal Court concluded that the Swedish practice regarding black and white and grayscale trademarks was inconsistent with the approach of the CJEU in several cases including *Specsavers*<sup>75</sup> as well *Milanówek Cream Fudge*.<sup>76</sup> In *Specsavers*, the CJEU held that an EU trademark proprietor may obtain protection regarding certain colors (even if the trademark has been registered in black and white), but only if the mark has become associated with those colors through use. Consequently, *Specsavers* confirmed, by implication, a black and white or grayscale registration of an EU trademark does not *as such* cover all or any specific colors or color combinations. This can only be acquired through use of the mark in a color and form. This was also clarified in *Milanówek Cream Fudge*, in which the CJEU concluded that the comparison of the visual aspects of the trademarks at issue had to be based on the signs as they were registered or as they appeared in the application for registration, unless the marks had become associated with other colors through use.

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<sup>75</sup> *Specsavers International Healthcare Ltd., among others v. Asda Stores Ltd.*, Case C-252/12 (CJEU, July 18, 2013) (ECLI:EU:C:2013:497), paras. 37-38 and 41.

<sup>76</sup> *Pico Food GmbH v. EUIPO*, Case T-623/11 (CJEU, April 9, 2014) (ECLI:EU:T:2014:199), paras. 37-38.

In light of the established EU practice, the Swedish Appeal Court concluded that a trademark registered in black and white or grayscale in Sweden cannot *automatically* be deemed to cover all colors or color combinations. Instead, the protection shall be limited to the actual appearance of the trademark in the Swedish trademark register (unless a trademark becomes associated with certain colors through consistent and long-standing use in that form (as in *Specsavers*)). As such, EU and Swedish practice regarding the scope of protection for black and white or grayscale trademarks has converged.

Applying that (revised) practice to the case at hand before the Appeal Court, the Court concluded that the similarity between the trademarks was low, not least as the opposed application was in grayscale and the earlier registered mark was in a white and red color scheme. The scope of protection of the earlier trademarks was also limited due to the low degree of inherent distinctiveness (of both marks), so overall there was no likelihood of confusion between the trademarks. Separately, the Appeal Court also found that the goods/services were neither identical nor similar.

The implication of the Swedish Court of Appeal's decision is that it took effect both immediately and retrospectively. The decision will therefore continue to be a highly relevant issue for brand owners and practitioners in Sweden for some considerable time and raises issues such as the future enforcement of monochrome marks as well as in respect of genuine use and revocation issues.

### **9. Poland—Polish Supreme Administrative Court— Guidance in the assessment of a link between an earlier mark with reputation and a later trademark**

The judgment of the Polish Supreme Administrative Court (“SAC”) in II GSK<sup>77</sup> concerned a declaration of invalidity based on a conflict with an earlier trademark with a reputation.

Red Bull GmbH, the “opponent,” filed an opposition (the “opposition”) with the Polish Patent Office (“PPO”) based on Article 132(1) sec. 1 pt. 4 of the Polish Industrial Property Law (“IPL”) seeking to prevent an application for registration of the figurative trademark BULLTEC in classes 11 and 12, including lamp shades, flashlights, car headlights and car bodies, car tires and car chassis by Polish partnership VISIO, the applicant. The opponent claimed that the disputed mark was confusingly similar to a number of its earlier national and EU figurative and word trademarks for BULL and RED BULL, registered for, inter alia, non-alcoholic beverages including energy drinks and isotonic drinks, clothing, footwear, and services for providing food and drink, all of which were claimed to

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<sup>77</sup> (SAC, May 15, 2019), II GSK 1515/17, LEX No. 2703754.

be marks with a reputation. Some of the relevant trademarks are set out below by way of comparison.



The PPO dismissed the opposition. In its decision the PPO emphasized that the burden of proof is on the opponent, in particular in establishing that that earlier trademarks relied upon have a reputation as claimed. Such reputation must at the latest, be established at the date of application of the mark opposed. In reaching its decision, the PPO referenced a range of CJEU authorities, including *General Motors*<sup>78</sup> and *SPA Finders*,<sup>79</sup> where the CJEU had ruled that demonstrating reputation is a knowledge threshold requirement, implying that such assessment is primarily based upon quantitative criteria.

In applying that test, the PPO determined that the opponent had failed to establish the reputation of the word mark BULL at the relevant time. The PPO concluded that this particular trademark was not functioning independently within the Polish market, because it started to be used after the date of application for the BULLTEC trademark and the goods marked with BULL trademark were not placed on the Polish market. Therefore, the PPO concluded that the BULL trademark did not enjoy reputation as claimed within the territory of Poland at the relevant time of filing the application. The opposition was therefore considered based upon only two of the four trademarks cited by the opponent (being the RED BULL marks).

In carrying out its assessment of similarity, the PPO considered that the trademarks were similar due to the common use of a red color and the word “BULL,” combined with a graphic element incorporating a drawing presenting a stylized image of a bull. However, such similarity was neither substantial nor confusing.

In considering whether a link would be established between the mark and a sign that would result in unfair advantage to the applicant or be detrimental to the distinctive character or to the repute of the earlier trademarks, the PPO applied the

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<sup>78</sup> Case C-375/97 (*General Motors*), pt. 21 (CJEU, September 14, 1999) (ECLI:EU:C:1999:408).

<sup>79</sup> Case T-67/04 (*Spa Finders*) (CJEU, May 25, 2005) (ECLI:EU:T:2005:179).



considerations set out by the CJEU in *Intel*<sup>80</sup> taking into account the degree of similarity between the conflicting marks; the nature of the goods or services for which the conflicting marks were registered, including the degree of similarity between these goods or services, the relevant section of the public; the strength of the earlier mark's reputation; the degree of the earlier mark's distinctive character (whether inherent or acquired through use) and the existence of the likelihood of confusion on the part of the public.

In its assessment, the PPO concluded that the similarity between earlier trademarks and the opposed mark was quite low, so the overall perception of the opposed mark did not suggest that the mark was an imitation of the earlier trademarks. It did not use individual elements in an identical form or according to the same concept. Moreover, the character of goods for which the disputed trademark was registered was substantially different from the goods designated by the opponent's marks and applicable for different market segments. It followed that the relevant public for energy drinks is well informed and would not expect that the opponent indicates services or goods in the automotive industry. The argument raised by the opponent that it often runs advertising campaigns on events related to the automotive industry was also rejected as the PPO ruled that a relevant consumer is capable of differentiating the goods themselves from their advertising and promotion. Overall, in the opinion of the PPO, the risk of unfair advantage arising for the applicant or detrimental effects being suffered by the opponent's trademarks were not substantiated.

On first appeal, the District Administrative Court ("DAC") upheld the decision of the PPO. The opponent then appealed to the Supreme Administrative Court ("SAC"). In its decision, the SAC confirmed that the proper interpretation of Article 132(1) of IPL had been made by the PPO and the DAC and dismissed the appeal.

In its judgment, the SAC offered step-by-step guidance for the assessment of infringement of an earlier mark with a reputation by the registration of a later mark in respect of which a declaration of invalidity is sought, as being: (a) the registration of the earlier trademark; (b) the earlier trademark having a reputation within the relevant territory, at the time of application for registration of the later mark; (c) the earlier registration may be for any class of goods or services; (d) a link is established between the marks; (e) the future results in a likelihood of unfair advantage of or undue detriment to the distinctiveness or repute of the earlier trademark.

The SAC agreed with the interpretation given by the PPO and confirmed that no link between the marks could be established on

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<sup>80</sup> Case C-252/07 (CJEU, November 27, 2008) (*Intel Corporation Inc.*), pt. 34 (ECLI:EU:C:2008:655).

the facts. Applying the CJEU’s test as laid out in *Intel*,<sup>81</sup> a link between the conflicting marks would be established when the later mark calls the earlier, reputable, mark to mind for the average consumer (being reasonably well informed, observant, and circumspect).

**10. Denmark—The Danish Maritime and Commercial High Court—What is the relevance of the potential placement of figurative marks on a product?**

On July 4, 2019, The Danish Maritime and Commercial High Court<sup>82</sup> upheld a decision from the Danish Trademarks and Patents Office (“DKPTO”) relating to an invalidity action brought by Puma SE (“Puma”). The key question was whether a figurative mark registered by DK Company Vejle A/S (“DKC”) was confusingly similar to a figurative mark registered by Puma SE (“Puma”) when used for footwear.

On July 10, 2015, DKC filed an application for registration with the DKPTO of the following figurative mark for a range of goods in classes 9, 18, and 25 of the Nice Classification:

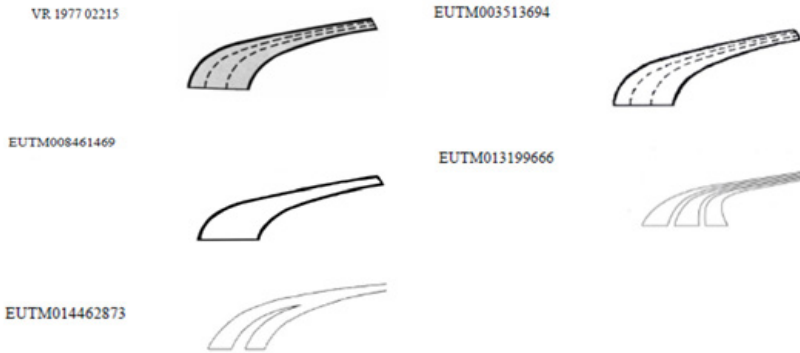


On November 5, 2015, the mark was registered (DKPTO Registration No. VR 2015 02572) in class 9 (glasses, sunglasses, and covers), class 18 (purses, travel- and shopping bags, suitcases, trunks, wallets, and umbrellas), and class 25 (clothing for men, women, and children; footwear and headgear for men, women, and children).

Puma is the proprietor of a number of registered trademarks (including several EUTMs), and in particular Danish trademark Registration No. VR 1977 02215 (figurative) registered in class 25 for “shoes, in particular sports and leisure footwear,” which comprises Puma’s reputed “form strip.” Puma filed an application for a declaration of invalidity against the mark registered by DKC. Puma’s action was based on grounds that the mark was confusingly similar with Puma’s own marks, especially the “form strip” (see Puma’s marks below):

<sup>81</sup> *Id.*, pt. 63.

<sup>82</sup> Case No. BS-16677/2018-SHR, Puma SE v. Danish Trademarks and Patent Office.



Puma referred to the Danish Trademarks Act, Section 15(1)(2), *cf.* Section 15(3)(1) (implementing the 2008 TM Directive, Article 5(1)(b), *cf.* Article 5(3)(a)).

On June 23, 2017, the DKPTO rejected Puma’s invalidity action but accepted that Puma’s VR 1977 02215 mark had a reputation in Denmark. The DKPTO considered that although there were certain similarities between the marks, the marks at issue conveyed an overall different impression. DKC’s mark would be perceived as two separate “lanes,” while Puma’s mark(s) would be perceived as an assembled arc divided into three “lanes.” The marks also differed in the way that Puma’s mark was less compact and had a more sweeping look, that—when applied to a shoe—meant that the point where the lanes came together would sweep toward the heel of the shoe. This would not be the case for DKC’s mark when applied to a shoe. Against this background, DKPTO found that the marks were not confusingly similar.

Puma filed an appeal with the Danish Board of Appeal for Patent and Trademarks (“BoA”). The BoA confirmed the decision on March 14, 2018, adding that when assessing the scope of protection afforded to the marks relied on by Puma, such scope had to be viewed in the light of 1) the relative low degree of distinctiveness of the marks, even in situations where the marks had subsequently acquired a reputation, and 2) an overall assessment of the marks.

### *Court decision*

Puma appealed from the BoA’s decision to the Maritime and Commercial High Court, claiming that the BoA had omitted relevant criteria in its overall assessment of the mark, including the fact that DKC’s mark is not a position mark. Therefore, the mark could be “stretched and twisted” in its use in the marketplace, so that it would have the same position and orientation as Puma’s marks on a shoe.

The Maritime and Commercial High Court found that while there were similarities between the marks, there were also

differences. Further, the fact that DKC had not positioned the registered mark on a shoe should not lead to a different assessment of the mark's expression. The court said that stretching or twisting the mark (for example by placing it with a start at the ball of the foot and ending shortly before the heel-cap) would entail an assessment of a different mark from DKC's registered mark, which was not a legitimate assessment.

Based on an overall assessment, the court found that the BoA had not erred in the assessment of all relevant criteria in its decision, upholding the decision of the BoA and rejecting the invalidity application. The case confirms that the courts and DKPTO in Denmark will consider the assessment of marks based upon their depiction on the register, rather than how they might (or might not) be applied on the goods in respect of which such registration has been secured.

### **11. Germany—Federal Patent Court— What is the relevant scope of protection for acronyms as trademarks?**

In two decisions of January 14, 2019, and February 21, 2019, the Federal Patent Court<sup>83</sup> considered the distinctiveness of an acronym in a composite mark where the letters of that acronym corresponded to verbal elements that themselves lacked distinctiveness.

#### ***1. “JBG Junior Brands Group”***

In the first case, the applicant had filed an application for the registration of the mark as below in respect of clothing, footwear, and headgear and for retail services related to cosmetics, jewelry, bags, and various baby-related goods.





The German PTO refused registration on the basis that the components of the sign JUNIOR BRANDS GROUP were not distinctive. The public would likely perceive the word elements of the sign as an indication of a group of companies that deals with or supports brands that are not yet established on their market. The initials *J B G* may have been considered distinctive in isolation, but in composite form would be perceived as a mere abbreviation of the non-distinctive word elements, rendering the entire mark as lacking in distinctiveness.

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<sup>83</sup> Case No. 27 W (pat) 544/16 and 30 W (pat) 548/18.

On appeal, the Federal Patent Court overruled the PTO's decision. According to the Court, the letters *J B G* would not merely be perceived as an abbreviation of the words "Junior Brands Group" because of their graphical and stylized element. The eye-catching design of the letter sequence would enable the public to recognize it as a distinctive element independent of the word component.

Applying a precedent established by the Federal Patent Court in 2014,<sup>84</sup> which had considered a comparison of the trademarks BSA and  and found the DSA element to dominate the overall impression of the trademark, this would lead to a finding that the visual and stylized acronym  as the only distinctive element would also dominate the overall trademark and would be the only component to be compared with other *J B G* trademarks.

## 2. "WundTherapieZentrum"

In the second case, the applicant had filed an application for the registration of the following mark for pharmaceutical and orthopedic products and medical services.



The German PTO had refused to register the sign, arguing that word components comprising "WundTherapieZentrum" (roughly translated as "Center of Wound Therapy") were not distinctive. It considered the sign to be descriptive of medical services in the field of wound therapy.

As in the first case, the highlighted initial letters *W T Z* were considered non-distinctive even though distinctive in themselves, as they would be perceived as a mere abbreviation of the non-distinctive word elements when presented in composite form. In contrast to the first case, however, the Federal Patent Court followed the German PTO's approach. The Court considered that the letters *W T Z* would immediately be recognized as the initials of the descriptive word "Wundtherapiezentrum" and not alter the non-distinctive character of the mark overall, having no independently distinctive role.

## 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

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<sup>84</sup> Case No. 27 W (pat) 554/13.

the 2017 EUTM Regulation (corresponding to Article 52(1)(b) of the old 2009 EUTM Regulation).

The 2008 TM Directive also contained two relevant provisions, Article 3(2)(d) and Article 4(4)(g). The provisions in the 2008 TM Directive created options for the EU Member States as to what might be implemented under domestic law. Under the 2008 TM Directive each EU Member State could choose to incorporate into its law a broader bad faith provision under Article 3(2)(d), a narrower one under Article 4(4)(g), or neither. However, it is important to note that the 2015 TM Directive has now adjusted this position and provides that bad faith is to be a mandatory *invalidity* ground going forward, as well as being a basis on which Member States may *optionally* provide that bad faith should be an opposition ground during the application phase. Relevant provisions of the 2015 TM Directive are Articles 4(2) and 5(4)(c).

The issue of bad faith has become quite a “hot topic” for EU trademark practitioners in recent years. The much anticipated CJEU decision in *Skykick* was handed down on January 29, 2020 (so technically just outside the scope of this year’s review but delivered just in time for inclusion nevertheless), providing welcome clarity on the relevant facts and circumstances in which a mark filed without *any* intention to use in respect of particular goods and services might amount to bad faith. That case also established that a lack of clarity and precision of terms included in the specification did not amount to an independent ground of invalidity. The *KOTON* proceedings involved a bad faith allegation in a long-running dispute between two parties litigating before both the EUIPO and Spanish courts. Other cases before national courts considered the bad faith nature of an application for the name of a famous footballer, applications made following failed commercial discussions between two parties, applications made in order to obtain money from or block a competitor, as well as the first opportunity of the UK High Court to consider the applications made by companies owned or controlled by Mr. Michael Gleissner (a name familiar to many EU trademark practitioners).

### ***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:  
(Note: paragraph (a) was omitted.)  
(b) where the applicant was acting in bad faith when he filed the application for the trademark.

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

1. Any Member State may provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:  
... the application for registration of the trademark was made in bad faith by the applicant.

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

1. Any Member State may ... provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:  
...
  - (a) the trademark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.

**Article 4(2) of the 2015 TM Directive**

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.

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

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:  
(Note: paragraphs (a)–(b) were omitted.)
  - (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—CJEU—A trademark must be declared invalid where the application to register was for the intention of undermining the interests of third parties or for obtaining an exclusive right for purposes other than for the functions of a trademark

The CJEU considered the issue of bad faith in its decision in *Koton Magazacilik Tekstil Sanayi ve Ticaret v. EUIPO*.<sup>85</sup> A related Spanish national decision between the two parties is also reported in Part IV.C.5 of this Review. On April 25, 2011, Mr. Nadal Esteban (Esteban) filed an application for the registration of a figurative mark (see Figure 1) as an EUTM for classes 25, 35, and 39. Koton Magazacilik Tekstil Sanayi ve Ticaret (Koton) filed a notice of opposition in reliance of two earlier registered trademarks in the EUIPO and in Malta (see Figure 2), both of which covered classes 25 and 35.



Figure 1



Figure 2

The opposition was upheld for both classes 25 and 35 but rejected for class 39. The mark was subsequently registered under class 39 on November 5, 2014. In response, Koton filed an application for invalidity on the basis that Esteban had acted in bad faith under Article 52(1)(b) of the 2009 EUTM Regulation.<sup>86</sup>

The Cancellation Division of the EUIPO rejected the application for a declaration of invalidity of the mark at issue, and the appeal to the Second Board of Appeal of EUIPO was dismissed. The General Court subsequently upheld the decision to dismiss the invalidity application, finding that there could be no bad faith, as there was neither identity nor similarity capable of causing confusion between the goods or services of Koton's earlier marks and the services in class 39 for which the mark at issue had been registered.

<sup>85</sup> Case C-104/18P (CJEU, September 12, 2019) (EU:C:2019:724).

<sup>86</sup> This provision is now at Article 59(1)(b) of the 2017 EUTM Regulation.



Koton subsequently appealed to the CJEU. Before the CJEU's ruling, Advocate General Kokott ("AG") gave her opinion and concluded that the approach of the General Court had been incorrect. The General Court had ruled that bad faith presupposes that a third party is already using an identical or similar sign for an identical or similar product or service capable of being confused with the mark being registered. In fact, the ground for invalidity under Article 52(1)(b) of the 2017 EUTM Regulation does *not* require the applicant of an invalidity action to be the proprietor of an earlier mark but allows for any party to apply for a declaration of invalidity on the grounds of bad faith.

The AG opined that it is necessary for the EUIPO and the courts to take into account all the relevant factors of bad faith, including the General Court and the CJEU's historical rulings of bad faith in situations where the applicant of an application to register a trademark (1) did not aim to use the mark in accordance with its essential function;<sup>87</sup> (2) did not intend to use the trademark but intended to use the trademark to mislead consumers;<sup>88</sup> (3) applied with the sole purpose of preventing an imminent trademark application made by others;<sup>89</sup> and (4) wanted to establish the basis for acquiring a descriptive domain name.<sup>90</sup>

In addition, the AG noted that the General Court had failed to consider a key factor of the overlap of goods and services in classes 25 and 35 between the mark at issue, when the application to register was filed, and Koton's earlier marks. The intentions of Esteban at the time of filing the application are key to assessing whether he was acting in bad faith. The fact that the application was originally filed for a mark for goods and services where Esteban knew or should have known, due to his earlier business relationship with Koton, that identical or similar trademarks existed is an important indication that the application to register the same mark for other goods or services was also filed in bad faith. As the General Court's judgment did not consider this factor in its assessment of bad faith, the AG proposed that the CJEU set aside the judgment of the General Court.

The CJEU followed the AG's reasoning and set aside the judgment of the General Court. Before assessing the General Court's ruling, the CJEU made the distinction between the concept of "bad faith" in everyday use, which presupposes a state of mind or dishonest intention, and the concept of "bad faith" in EU trademark

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<sup>87</sup> *Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH*, Case C-529/07 (CJEU, June 11, 2009) (EU:C:2009:361), at paras. 44 and 45.

<sup>88</sup> *Internetportal und Marketing GmbH v. Richard Schlicht*, Case C-569/08 (CJEU, June 3, 2010) (EU:C:2010:311), at paras. 46 to 48.

<sup>89</sup> *Copernicus-Trademarks v. EUIPO*, Case T-82/14 (GC, July 7, 2016) (EU:T:2016:396).

<sup>90</sup> *Internetportal und Marketing GmbH v. Richard Schlicht*, Case C-569/08 (CJEU, June 3, 2010) (EU:C:2010:311), at paras. 46 to 47.

law, which relates to use in trade and ensuring fair competition. The CJEU clarified that a trademark *must* be declared invalid on the ground of bad faith under two circumstances:

1. where it is clear from all relevant considerations that the applicant, at the time of filing the application to register, intended to undermine the interests of third parties, especially if filed in a manner inconsistent with engaging in fair competition or honest practices; or
2. where the applicant, at the time of filing the application to register and without needing to target a specific third party, intended to obtain an exclusive right for purposes other than those falling within the functions of a trademark, especially in relation to the essential function of indicating origin.

The CJEU disagreed with the General Court's findings that the existence of bad faith may be established only where there is use in the course of trade of an identical or similar sign for identical or similar goods or services capable of being confused with the mark at issue. Instead, the CJEU agreed with the AG by clarifying that there is no requirement whatsoever that the applicant for the declaration of invalidity be the proprietor of an earlier mark for identical or similar goods or services, nor does a likelihood of confusion need to be established.

The AG's opinion on the General Court's failure to consider the overlap of goods and services was also followed by the CJEU. It found that the General Court did not consider all relevant factual circumstances at the time the application for declaration of invalidity was filed, including the fact that Koton applied to declare the mark at issue invalid in its entirety. The CJEU left it with the competent body of the EUIPO to adopt a new decision on the application of invalidity following its ruling on how the ground of invalidity on the basis of bad faith should be assessed.

The CJEU did not (on this occasion, but see the later *Skykick* decision on this point) take the opportunity to provide clarity on the divisibility of a trademark application filed partly in bad faith, finding only that such divisibility is plausible when read in conjunction with Article 52(3) of the 2009 EUTM Regulation,<sup>91</sup> which provides that an EUTM may be declared invalid in respect of only some of its registered goods or services. Notably, the AG had observed that the division of an application for registration into an application partly filed in bad faith and partly filed in good faith may offer an incentive, and therefore amount to an abuse of the trademark system, to apply to register trademarks for a larger set of goods and services than justified by the actual intended use.

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<sup>91</sup> This provision is now at Article 59(3) of the 2017 EUTM Regulation.

**2. EU—CJEU—Can an EUTM be declared wholly or partially invalid on the grounds of bad faith arising from a lack of intention to use the EUTM under some of the specified goods and services and on the basis of the specification of the goods and services lacking sufficient clarity or precision?**

Following the reference from the English High Court in *Sky PLC and others v. SkyKick UK Ltd. and another*,<sup>92</sup> on January 29, 2020, the CJEU<sup>93</sup> provided its answer on the five questions relating to the scope of possible grounds for invalidity, the requirements for a finding of bad faith, and whether a trademark can be invalidated in whole or in part in relation to specific goods or services.

The questions referred by the High Court were as follows:

- (1) Can an EU trade mark or a national trade mark registered in a Member State be declared wholly or partially invalid on the ground that some or all of the terms in the specification of goods and services are lacking in sufficient clarity and precision to enable the competent authorities and third parties to determine on the basis of those terms alone the extent of the protection conferred by the trade mark?
- (2) If the answer to question (1) is yes, is a term such as “computer software” too general and covers goods which are too variable to be compatible with the trade mark’s function as an indication of origin for that term to be sufficiently clear and precise to enable the competent authorities and third parties to determine on the basis of that term alone the extent of the protection conferred by the trade mark?
- (3) Can it constitute bad faith simply to apply to register a trade mark without any intention to use it in relation to the specified goods or services?
- (4) If the answer to question (3) is yes, is it possible to conclude that the applicant made the application partly in good faith and partly in bad faith if and to the extent that the applicant had an intention to use the trade mark in relation to some of the specified goods or services, but no intention to use the trade mark in relation to other specified goods or services?

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<sup>92</sup> [2018] EWHC 155 (Ch) (February 6, 2018). See Tom Scourfield, *Annual Review of EU Trademark Law: 2018 in Review*, 109 TMR 441, 503-505 (2019).

<sup>93</sup> *Sky PLC and Others v. Skykick UK Ltd. and Skykick Inc.*, Case C-371/1 (CJEU, January 29, 2020) (EU:C:2020:45).

- (5) Is Section 32(3) of the UK Trade Marks Act 1994 compatible with [Directive 2015/2436] and its predecessors?

In providing its guidance in respect of the questions referred, notably the CJEU chose not to endorse the analysis of certain issues by Advocate General Tanchev in his opinion in the case.

***Clarity and precision requirement  
(Question 1 and Question 2)***

The first issue, in respect of the first and second questions referred to the CJEU, is whether an EUTM registration can be declared wholly or partially invalid on the grounds that terms used in the specification of that mark lack clarity and precision.

The CJEU's first consideration was to determine whether a lack of clarity and precision of the terms used in the specification of a mark is, in itself, a ground for invalidity. In agreeing with AG Tanchev's opinion, the CJEU confirmed that this is not a ground for invalidity under Article 3 of EU Directive 89/104<sup>94</sup> (now amended and recast as the 2015 TM Directive) and Articles 7 and 51 of Council Regulation No 40/94<sup>95</sup> (now amended and recast as the 2017 EUTM Regulation), both of which are considered exhaustive lists under their respective EU legislative instruments.<sup>96</sup> The CJEU added that its judgment in the *IP Translator* case<sup>97</sup> cannot be interpreted as intending to recognize additional grounds for invalidity not included in the exhaustive lists of grounds of invalidity previously mentioned.

The second consideration for the CJEU was whether a lack of clarity and precision of the terms used in the specification of a mark could fall within one of the existing grounds for invalidity. In this respect, the CJEU clarified the scope of two grounds of invalidity:

- (a) SkyKick had suggested that the lack of clarity and precision of terms used in the specification of a mark was related to the requirement of graphic representability. The CJEU rejected this argument and considered its judgment in *Sieckmann* whereby, although graphically represented signs must be represented with clarity and precision for the purposes of identifying the inherent trademarks, it cannot be inferred that the requirement of clarity and precision

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<sup>94</sup> This provision is now found at Article 4 of the 2015 TM Directive.

<sup>95</sup> These provisions are now found at Articles 7 and 59 of the 2017 EUTM Regulation.

<sup>96</sup> See Recital 7 of the First Council Directive 89/104 (now found at Recital 14 of the 2015 TM Directive) and Article 96(1) of the Council Regulation No. 40/94 (now found at Article 128(1) of the 2017 EUTM Regulation).

<sup>97</sup> *Chartered Institute of Patent Attorneys v. Registrar of Trade Marks*, Case C-307/10 (CJEU, June 19, 2012) (EU:C:2012:361).

should also apply to the *terms* used to refer to the goods and services designated to that trademark.

- (b) By contrast, AG Tanchev had suggested that unclear and imprecise terms may be contrary to the public interest, and liable to be invalidated on that basis. As an example, AG Tanchev had specified that a term such as “computer software” was too general and covered such a wide range of goods and services that it is unjustified and contrary to public policy. The CJEU disagreed, ruling that the concept of public policy cannot refer to the characteristics concerning the trademark application itself, such as the clarity and precision of the *terms* used in the specification of a mark.

Ultimately, the CJEU ruled that a lack of clarity and precision of terms used in the specification of a mark is not a ground for invalidity. Issues relating to the scope of a specification can be dealt within the non-use mechanisms for trademark law. The CJEU noted that a mark registered under a range of goods and services in a manner that lacks clarity and precision is capable of being protected only in respect of the specific goods and services for which it has been put to genuine use. Where a mark has not been put to genuine use within a continuous period of five years in relation to specific goods or services to which it is registered, the mark may be revoked in respect of those goods and services (only).

### ***Bad faith (Questions 3–5)***

The second issue addressed by the CJEU, in respect of the third and fourth questions referred to it, is whether a mark application made without any intention to use the trademark in relation to the goods and services listed constitutes bad faith as a basis for invalidity and, if so, whether the mark will be wholly invalidated or only partly invalidated regarding the goods and services subject to bad faith.

The CJEU noted that neither Article 3(2)(d) of the EU Directive 89/104<sup>98</sup> nor Article 51(1)(b) of Council Regulation 40/94<sup>99</sup> provides a definition of the concept of bad faith, it being an autonomous concept of EU law. The concept of bad faith presupposes the presence of a dishonest state of mind or intention that is inconsistent with the fundamental EU rules on trademark law. Drawing upon its judgment in *Koton*<sup>100</sup> (see Part IV.A of this Review) in late 2019, the CJEU reiterated that the function of a

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<sup>98</sup> This provision is now at Article 59(1)(b) of the 2015 TM Directive.

<sup>99</sup> This provision is now at Article 52(1)(b) of the 2017 EUTM Regulation.

<sup>100</sup> *Koton Magazarailik Tekstil Sanayi v. EUIPO*, Case C-104/18P (CJEU, September 12, 2019) (EU:C:2019:724).

mark is aimed at undistorted competition to enable a consumer to distinguish goods or services between undertakings in order to be able to choose (or avoid) purchasing it again.

The CJEU noted that, at the time of filing an EUTM application, the applicant is not required to indicate or even to know precisely the use it will make of the trademark applied for. In any case, that applicant has a period of five years for beginning actual use consistent with the essential function of that trademark as confirmed by the CJEU in the *#daferdas?* case<sup>101</sup> (see Part V.C.3 of this Review).

In agreeing with this aspect of AG Tanchev’s opinion, the CJEU confirmed that the registration of a trademark without any intention to use in relation to the specific goods and services covered by that registration may constitute bad faith depending on the wider circumstances. Establishing bad faith will depend on whether there is “objective, relevant and consistent indicia” demonstrating that, at the time of filing the application, the applicant had the *intention* of:

- (a) undermining, in a manner inconsistent with honest practices, the interests of third parties; or
- (b) obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark.

There is therefore no automatic finding of bad faith on the basis that the applicant had no economic activity corresponding to the goods and services listed in the trademark application.

In relation to the fourth question, the CJEU ruled that, where there is a finding of bad faith, the invalidity of that mark covers *only* those goods or services for which a finding of bad faith is present.

In considering the fifth question, which relates to the issue of showing intention of bad faith and the compatibility of Section 32(3) of the UK Trade Marks Act 1994 with EU law, the CJEU noted that each Member State is free to fix the provisions of procedure concerning registration, revocation and invalidity of trademarks in its jurisdiction. However, such provisions cannot have the effect of introducing a ground of refusal of registration or invalidity not provided for in the exhaustive lists mentioned. The CJEU therefore ruled that a provision under UK law requiring a trademark applicant to state that the trademark is being used in relation to the goods and services in which it wishes to register the trademark is compatible with EU law, so long as the infringement of such a provision does not constitute a ground for invalidity.

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<sup>101</sup> Deutsches Patent- und Markenamt (*#daferdas?*), Case C-541/18 (CJEU, September 12, 2019) (EU:C:2019:725).

**3. EU—CJEU—Will the courts declare a mark invalid for bad faith where there had been earlier unsuccessful collaboration discussions between the parties prior to registration of the mark?**

In *Outsource Professional Services Ltd. v. EUIPO*,<sup>102</sup> the CJEU considered how the courts should assess the various grounds and circumstances when deciding whether a party had acted in bad faith when applying to register an EUTM, including whether the parties had attempted to engage in a commercial relationship, whether the contested mark gave rise to a likelihood of confusion against an earlier unregistered mark, and whether the mark is inherently descriptive in nature.

In June 2007, a German company Outsource2India (replaced by Outsource Professional Services in proceedings before the General Court) (“Outsource”) filed an application to register the following figurative EUTM:



The EUTM was registered on May 20, 2008, in relation to classes 35, 36, and 41. Flatworld Solutions Pvt. Ltd. (“Flatworld”), sought a declaration before the EUIPO that the EUTM was invalid on the basis of Article 52(1)(b) of the 2009 EUTM Regulation.<sup>103</sup> Flatworld claimed that it had used the word element “outsource2india” as an unregistered mark prior to June 2007 and relied upon its own figurative EUTM containing the element “outsource2india,” registered on May 25, 2011. Flatworld also claimed that the parties had conducted unsuccessful discussions in relation to a potential collaboration between 2006 and 2007.

The Cancellation Division declared the contested EUTM invalid on the grounds of bad faith, but the Fourth Board of Appeal of the EUIPO annulled the Cancellation Division’s decision on appeal. The Board of Appeal concluded that it had not been proven by Flatworld that Outsource had an intention of appropriating the element “outsource2india” when filing to register the contested EUTM. Further, the “outsource2india” element was descriptive within the sector to refer to the practice of outsourcing services to India, therefore any intention to use this common element should not be regarded as dishonest intent.

The Board of Appeal also considered that, despite Outsource being aware of Flatworld’s use of the “outsource2india” unregistered

<sup>102</sup> Case C-528/18 P (CJEU, November 13, 2019) (EU:C:2019:961).

<sup>103</sup> This provision is now at Article 59(1)(b) of the 2017 EUTM Regulation.

word mark, Outsource had not acted in bad faith by applying to register for the contested EUTM, as it contained different figurative elements in addition to that element.

On appeal by Flatworld, the General Court annulled the Board of Appeal's decision by finding that the contested EUTM should be declared invalid. The General Court noted that, due to the EU's "first-to-file" principle for trademark registration, the mere use by a third party of an unregistered mark does not preclude an identical or similar mark being registered. Instead, the General Court stated that a mark must be declared invalid where the holder of the EUTM was, at the time of filing the application for registration, acting in bad faith irrespective of any earlier trademark rights. Thus, the General Court made it clear that an assessment of whether Outsource had acted in bad faith under the *Chocoladefabriken Lindt & Sprüngli*<sup>104</sup> criteria was required.

In reaching its decision, the General Court focused on the pre-existing collaboration discussions between the parties and stated that Outsource was aware that Flatworld had already been using in Germany a "similar sign for the same services, that could be confused with the contested mark." It therefore examined Outsource's intention at the time the application to register the contested EUTM was filed. The General Court noted that, in the context of the unsuccessful pre-contractual relationship between the parties, Outsource "undertook" to rename the sign it used and its website in the event that there was no agreed collaboration. By filing the application to register the contested EUTM after the collaboration discussions had failed, the General Court concluded that Outsource had acted in bad faith. The General Court also stated that whether the element "outsourc2india" was descriptive was independent from the assessment of bad faith.

Outsource raised a single ground of appeal under Article 52(1)(b) in support of its appeal to the CJEU. Outsource claimed that it had not acted in bad faith as it was not demonstrated that Flatworld had used a sign similar to the contested EUTM. It further argued that the parties had never agreed and Outsource had never promised that it would have "undertaken" to stop using the element "outsourc2india" if no agreement could be reached between the parties during pre-contractual discussions. The General Court had erred by failing to assess whether the contested EUTM and Flatworld's earlier unregistered mark were likely to lead to confusion on the part of the public, as such an assessment would have led to the conclusion that there can be no likelihood of confusion. Outsource noted that the General Court's judgment was also contradictory as it includes a finding without giving reasons when concluding that the element "outsourc2india" is distinctive,

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<sup>104</sup> Case C-529/07 (CJEU, June 11, 2009) (EU:C:2009:361).



even though it had implicitly accepted that the element is descriptive.

The CJEU held that, by finding that Outsource had undertaken to change its name and website if no agreement was reached, the General Court had indeed distorted facts and evidence as claimed by Outsource. The General Court had merely stated that the undertaking was apparent from the objective circumstances of the case without specifying the particular documents to support its view. The CJEU concluded that this finding could not therefore form the basis for a decision that Outsource acted in bad faith. In addition, the CJEU also observed that the General Court did not justify its assessment that there was a likelihood of confusion between the contested EUTM and Flatworld's earlier mark.

However, the CJEU ruled that the finding of bad faith should still stand because it was well-founded on other grounds. In the absence of any likelihood of confusion, other factual circumstances may constitute relevant indicators for establishing bad faith. The CJEU applied recent case law,<sup>105</sup> including KOTON (see Part IV.C.1 of this Review) to clarify that bad faith must be established where it is apparent from those other factual circumstances that the EUTM holder's intention at the time of filing the application for registration of the EUTM was to undermine the interests of third parties or obtain an exclusive right for purposes other than those falling within the functions of a trademark. The CJEU therefore considered the other factual circumstances in the present case, including the fact that Flatworld had objected to the incorporation of a German company with the word element "outsource2india" and the use of that name on Outsource's website, and that Outsource had, up to the EUTM application date, systematically presented its use of the word element as being linked to the proposed collaboration.

The CJEU observed that the General Court had not contradicted itself in finding that the potentially descriptive nature of the word element did not prevent it from concluding that Outsource had acted in bad faith to exploit that element using Flatworld's reputation. The General Court was correct in finding that Outsource had acted in bad faith by filing, shortly after Flatworld refused cooperation, the application to register the contested EUTM specifically containing that element that Flatworld had been using in its commercial activities.

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<sup>105</sup> Koton Mağazacılık Tekstil Sanayi ve Ticaret v. EUIPO, Case C-104/18 P (CJEU, September 12, 2019) (EU:C:2019:724), para. 46.

#### 4. EU—General Court—When might an applicant be acting in bad faith in cases relating to the registration of famous names as trademarks?

*Carlos Moreira v. EUIPO*<sup>106</sup> concerned the appeal to the General Court by the appellant in respect of the EU trademark registration for the word mark NEYMAR applied for “clothing, footwear and headgear” in class 25. The mark was registered by the EUIPO in April 2013.

In February 2016, the well-known Brazilian footballer Neymar Da Silva Santos Júnior, better known simply as “Neymar,” succeeded in his application for a declaration of invalidity against the mark in respect of all goods registered. Neymar submitted that the appellant had acted in bad faith in registering the mark owing to his celebrity. The Second Board of Appeal of the EUIPO agreed, dismissing the appellant’s appeal on the basis that the appellant had been aware of Neymar’s fame at the time of the application and intended to take advantage of this.

Appealing to the General Court, the appellant argued that the Board of Appeal had wrongly determined that he had acted in bad faith. In particular, he argued that the Board of Appeal had incorrectly assumed that he knew that Neymar was a rising star in the football world. The appellant submitted that Neymar was relatively unknown in Europe at the time of the application and that he could not therefore be deemed to have filed the contested mark in order to exploit Neymar’s fame.

Rejecting the appellant’s submissions, the General Court held that the appellant had intentionally sought registration to create an association with the footballer Neymar. In particular, the General Court noted that the mark is identical to the name he is famous for (as opposed to his full name) and therefore the argument that the use was a mere coincidence could not be true. In addition, the General Court held that the existence of bad faith on the part of an applicant must be assessed in the light of their intention at the time of filing for the application.<sup>107</sup> Given the press evidence demonstrating Neymar’s fame in Europe and the Appellant’s application for the CASILLAS mark, the Board of Appeal had not erred in law by concluding that at the time of filing, the application was to take advantage of Neymar’s reputation.

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<sup>106</sup> Case T-795/17 (2019).

<sup>107</sup> *Chicoladenfabriken Lindt & Sprungli*, Case C-529/07 (EU:C:2009:361).

**5. Spain—Appeal Court of Madrid—  
What is the interconnection between  
bad faith and genuine trademark use?**

The decision of the Appeal Court of Madrid on October 30, 2018, in *Koton*<sup>108</sup> considers the interaction between bad faith and genuine use of a trademark.

By way of background, on January 20, 2014, the plaintiff, Turkish fashion company Koton Magazacilik ([www.koton.com](http://www.koton.com)) had filed a trademark invalidity action against its former distributor, Mr. Joaquin Nadal Esteban, seeking to invalidate two Spanish trademarks on the basis that both marks had been filed in bad faith. The relevant trademarks were Spanish Trademark Registrations No. 2578587 KOTON (fig.) in class 25, filed in 2004, and No. 2964895 KOTON (fig.) in class 35, filed in 2011. The defendant had distributed the plaintiff's KOTON-branded products from 2003 to 2006.

The defendant, in return, denied bad faith and counterclaimed seeking revocation on the basis of non-use for the Spanish element of the plaintiff's International Trademark Registration No. 777048, KOTON, registered in 2003 in classes 18, 25, and 35.



IR No. 777048



ES-2578587 / ES-2964895

Koton Magazacilik opposed the counterclaim on the basis of two grounds. First, it denied non-use, maintaining that there had been genuine use of the trademark within the relevant period through another distributor. Secondly, it argued that the revocation counterclaim should, in fact, be considered in separate proceedings, not consolidated in the invalidity action, as the invalidity action had been filed on the basis of bad faith and not in respect of the similarity with the earlier international trademark.

The Commercial Court of Madrid upheld the counterclaim, revoking the international registration ("IR") trademark for non-use, and rejected the complaint for invalidity. The court considered that the lack of use of the KOTON trademark in Spain was a

<sup>108</sup> Koton Magazacilik Tekstil Sanayi Ve Ticaret A.S. v. Joaquin Nadal Esteban (judgment 594/2018 in appeal case 236/2017).

decisive factor, as it showed a lack of interest in exploiting the mark in Spain and, for this reason, similarly found that there could be no bad faith on the part of its distributor, Mr. Esteban.

The decision was appealed before the Appeal Court of Madrid. In its judgment, the Appeal Court confirmed the revocation for non-use of IR No. 777048 (KOTON) due to lack of evidence. The sole evidence of use amounted to the delivery of 571 garments in the five years preceding the complaint, which was held to be insufficient.

However, the Appeal Court disagreed with the first instance decision that the lack of use of the earlier mark automatically meant that there was no bad faith on the part of the defendant. The Court based its findings on the criteria established by the judgments of the CJEU in *Lindt*<sup>109</sup> and the judgments of the General Court in *Peeters Landbouwmachines*<sup>110</sup> and *DOGGIS*.<sup>111</sup>

The Appeal Court considered the conduct of the defendant on a range of criteria. First, at the time of making the application, the defendant was aware that that a third party with whom he had a (previous) commercial relationship was using an almost identical mark. The oldest of the marks whose invalidity was sought had been filed in 2004, only nine months after the plaintiff had registered IR No. 777048 KOTON for the same goods. At that moment, the earlier trademark was registered and in use. The same point could also be made in respect of the KOTON trademark filed by the Spanish distributor in January 2011. The Appeal Court considered that the last delivery of goods to Spain was sent in February 2006 and the youngest trademark had been filed in January 2011, so at that time the five-year use period had not yet elapsed. International Registration No. 777048 (KOTON) was at that time still registered and in use.

Secondly, consideration of the defendant's intention was also relevant. The defendant had declared in evidence that the aim of registering the marks was to protect the Turkish company Koton Magazacilik and prevent a third party from registering the trademark of his principal in Spain. However, the facts showed that this was untrue. The Turkish company in fact already owned a trademark registration in Spain (IR No. 777048), even if it now had to be cancelled for non-use. Further, Mr. Esteban had also opposed the EU Trademarks of Koton Magazacilik so this should be interpreted as an intention to prevent use of the mark.

Finally, using the wording of the General Court in *DOGGIS*, the Appeal Court of Madrid considered that filing a trademark that was identical in wording and almost identical in its figurative element to the trademark of the Turkish company (who at the relevant time

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<sup>109</sup> *Chocoladefabriken Lindt*, Case C-529/07 (CJEU, June 11, 2009).

<sup>110</sup> *Peeters Landbouwmachines*, Case T-33/11, February 14, 2012.

<sup>111</sup> Case T-335/14 *DOGGIS*, January 28, 2016.

was engaged in rapid expansion in Europe) was against all commercial logic and could only be interpreted as an intention of misappropriating a trademark of a third party. Ultimately, the trademarks of both parties were cancelled.

**6. UK—High Court—Can an applicant’s activities on unrelated actions be taken into account when considering if an application was made in bad faith?**

In *Trump International Ltd. v. DTTM Operations LLC*,<sup>112</sup> the UK High Court considered an appeal against a UKIPO decision in relation to a trademark filed in bad faith.

On October 30, 2016, Trump International (one of many entities owned by Mr. Michael Gleissner) applied to register the words “TRUMP TV” as a UK trademark. The application was made in respect of class 38 (communication and broadcasting) and class 41 (entertainment and education). Trump International has no connection with Mr. Donald Trump, who, at the date of the application, was running for election as President of the United States. An opposition was brought by DTTM, which holds and administers trademark registrations previously owned by Mr. Trump.

DTTM advanced four grounds of opposition under the Trade Marks Act 1994. DTTM alleged that the application was filed in bad faith (section 3(6)). DTTM cited a likelihood of confusion with its earlier EU trademarks, the word mark TRUMP and a word and device mark TRUMP & CREST DEVICE, registered for goods and services identical or similar to the TRUMP TV application (section 5(2)(b)) DTTM also relied on the extended protection offered to marks with a reputation (section 5(3) of the Act). Lastly, DTTM claimed earlier unregistered rights in relation to the trademark TRUMP, used throughout the UK since at least 2007 and that use of the mark TRUMP TV would amount to the common law tort of passing off (section 5(4) of the Act).

DTTM filed extensive evidence of the past activities of Mr. Gleissner’s companies,<sup>113</sup> DTTM’s trademark rights, and the lack of connection between DTTM and Trump International. Trump International filed no evidence, although it did assert that Trump International should benefit from its corporate veil (i.e., it should be treated as legally distinct from Mr. Gleissner).

Neither party requested a hearing, so the decision was made on the basis of the written submissions. The Hearing Officer concluded that the application had been made in bad faith and refused the

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<sup>112</sup> [2019] EWHC 769 (Ch) (March 29, 2019).

<sup>113</sup> Including evidence in relation to *Sherlock Systems CV v. Apple Inc.* Decision O/015/17; [2017] FSR 30 (“Apple” or the “Apple case”) and *CKL Holdings Limited v. Paper Stacked Limited* Decision O/036/18 (“Alexander” or the “Alexander case”)

application in its entirety. He declined to consider the other grounds of opposition.

Trump International appealed to the High Court, advancing two general grounds of appeal: i) the Hearing Officer had made errors of law or principle in reaching his conclusion on the evidence before him that the application had been filed in bad faith; and ii) alternatively, permission to adduce additional evidence on appeal should be granted to such evidence demonstrating that the application had not been filed in bad faith.

In relation to the first ground of appeal, Trump International argued that, in making his finding of bad faith, the Hearing Officer wrongly accepted and relied upon the evidence of Mr. Gleissner's activities in unrelated actions. Trump International contended that Mr. Gleissner was not a party to the proceedings but, having been convinced that Mr. Gleissner was a "bad apple," the Hearing Officer then allowed prejudice and bias to influence his decision. The judge firmly rejected any allegations of actual or apparent bias. Evidence of Mr. Gleissner's activities was relevant and admissible (as it was in the Alexander case<sup>114</sup>). The Hearing Officer was right on the basis of this evidence to make a prima facie finding of bad faith, which Trump International failed to file evidence to rebut.

Trump International also argued that the Hearing Officer erred in failing to make any findings in relation to the other grounds of opposition, while taking such grounds into account in awarding costs. There was no separate appeal in relation to costs, so this ground of appeal was unsustainable. Further, because the finding of bad faith was correct, a finding on the other grounds of opposition would not have changed the outcome for Trump International. Nevertheless, the High Court emphasized that as a matter of good practice, the Hearing Officer should have stated his conclusions on the other grounds. It was obvious that these grounds would have been made out, but had the appeal on bad faith succeeded, it might have become necessary to remit the case to the Hearing Officer.

In relation to the second ground of appeal, Trump International filed three additional witness statements that it sought permission to adduce on appeal. This application failed. The High Court found that such evidence could have been filed before the first instance hearing, the evidence was not credible, and it would not have made a difference to the result of the case in any event.

In a comparatively rare development, the Comptroller General of Patents, Designs and Trade Marks was also granted permission to intervene on the appeal. As the High Court noted, this was the first opportunity the High Court had had to consider a case involving Mr. Gleissner. The submissions on behalf of the comptroller focused on "the nature and scale of the problem

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<sup>114</sup> Decision O-036-18.

presented by Mr Gleissner’s activities,” illustrated in part by the fact that by 2016, Gleissner entities had applied for over 800 UK trademarks; as at November 30, 2017, Gleissner entities were involved in 97 live contested trademark cases before the UK IPO (constituting 5% of the total cases at that time); and that Gleissner entities had 49 unpaid costs orders against them.

The comptroller requested guidance from the High Court as to how the UKIPO should deal with such applications in the future. The High Court generally endorsed the approach taken by the UKIPO to date but offered the following further guidance:

Firstly, the registrar may strike out proceedings brought for an ulterior and improper purpose as an abuse of process. The power to strike out must be exercised with caution. However, where a *prima facie* case of bad faith is established, and no evidence in answer is filed on behalf of the applicant, it may well be appropriate to exercise that power. Additionally, the High Court emphasized that Section 32(3) of the Act requires that a trademark applicant must state its good faith intention to use the mark applied for. If such a statement is made in respect of a well-known third-party trademark to which the applicant has no connection, this may give rise to an infringement claim. The court is empowered in such circumstances to grant various remedies in an infringement claim, including preliminary injunctions and non-party costs orders.

**7. Poland—Polish District Administrative Court  
(DAC)—What conditions and circumstances support  
the allegation that the trademark  
has been registered in bad faith?**

The judgment of the Polish Administrative Court (DAC) in RENOLAK<sup>115</sup> considers the issue of bad faith in the invalidation of a trademark.

In 2006, two individual traders who had been engaged in the retail sale of paints and varnishes applied to register the mark RENOLAK for enamel and wall paint. The trademark was eventually registered in 2012. The holders of the disputed trademark registration had not used the mark before the application for registration was filed and had not undertaken any real activity in order to commence genuine use of the mark, either during the registration process, or after it had concluded.

By way of background, signs containing the word RENOLAK (such as SIGMA RENOLAK, AUTORENOLAK) had been used in the course of trade in Poland for almost forty years by PPG Polifarb Cieszyn S.A. (“PPG”), an entity that was part of a holding owned by the Polish state. Its business consisted of the production of paint

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<sup>115</sup> Judgment of the DAC of 2.08.2018, VI SA/Wa 2224/17, LEX no. 2738488.

and varnish. PPG made no application to register the trademark RENOLAK for its own benefit but started using this trademark in 2006 as continuation of its former use of SIGMA RENOLAK and AUTORENOLAK trademarks.

Immediately after obtaining the trademark registration for RENOLAK, the two proprietors sent a cease and desist letter to PPG, in which they demanded PLN 10 million (approximately USD 2.5 million) for infringement of the contested trademark. As a result, the company started invalidation proceedings against the new registration on the grounds that it aimed to block its current activities on the market and had been applied for in bad faith.

At first instance the Polish Patent Office (PPO) rejected the application for invalidation. The PPO based its decision primarily on the (wrong) assertion that there was no bad faith on the part of trademark owners since PPG had not registered the same or even similar trademarks before the application for registration of the disputed trademark was made. There is no such requirement to establish bad faith under Polish law.

An appeal was filed by PPG to Polish District Administrative Court (“DAC”). The DAC overturned the first instance decision and referred the case back to the PPO for rehearing, setting out a number of conditions to be reexamined by the PPO in order to determine whether the registration was made in bad faith.

The DAC pointed out that it was apparent from the material on file that the applicant and its legal predecessors had marketed goods with signs such as SIGMA RENOLAK or AUTORENOLAK prior to the date of filing of the application for registration of the contested mark. Such use of the marks containing the word RENOLAK in the course of trade was an essential objective factor for assessing whether registration of the contested mark was made in bad faith. The intention of the proprietors making the application for registration was also relevant, particularly where an application is made in order to eliminate a competitor from the market with the intention of taking over its customers.

According to the DAC, a person acts in bad faith when he knows (or with due diligence should have known) of the actual use of the mark by another trader and, anticipating his application for registration of the mark, applies for protection of the similar trademark himself. The Court also indicated several circumstances that should have supported the plea of bad faith. This included the fact that the holders of the disputed mark were not conducting any business activity relating to the production of paint at the time of filing the application for registration and they had not commenced any genuine use of the trademark by the time the trademark was eventually registered in 2012 some six years after the original application. In turn, the applicant for invalidity had been trading under a similar mark prior to the application for registration of the



disputed mark, a business activity that gave them knowledge about use of similar trademarks for paints by the applicant for invalidity.

In its judgment, the DAC distinguished between two situations that might be qualified as bad faith filing. First, where the application for registration of a mark is made to block use or registration by another entity and second, where the application for registration of the mark is made for speculative purposes. In the case at hand, the lack of intention to use should be understood as the absence of *any intention* to use of the trademark for goods covered by the application for registration. Where the application is made to block use or registration by another entrepreneur, the lack of intention to use is to be understood as a lack of *specific intention* to use. The application for speculative purposes is characterized by simultaneous filing claims for compensation and forcing entities using the trademark to make concessions or buy back the disputed signs.

After the case was returned to the PPO and reexamined following the guidance from the DAC, the RENOLAK trademark was invalidated.<sup>116</sup> In the opinion of the PPO, the holders of the trademark did not demonstrate that they had started genuine use of the trademark and all actions taken by them in this respect were purely fictitious. Further, the evidence submitted proved that trademark owners had knowledge of the earlier similar marks used by another entity before the application for registration of the RENOLAK trademark was filed. The PPO concluded that application for registration of the trademark was made in bad faith and was intended to block access of another business (PPG) to the market. All of these facts established sufficient grounds to apply for declaration of invalidity on the grounds of bad faith.

## V. USE OF A TRADEMARK

### A. *Introductory Comments*

This Part V includes cases with a common theme where the central question to be considered relate to “use of a trademark.” Questions of use of a trademark arise in a wide variety of ways in EU 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 2008 TM Directive nor the 2017 EUTM Regulation require that a trademark should be in use *before* the mark may be

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<sup>116</sup> Decision of the PPO of 5.11.2019, Sp.40.2019.

registered. Similarly, there is no 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. The CJEU’s decision in *#daferdas*, considered in this Part V, emphasized that there is no requirement for an applicant to indicate the 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.

As noted in Part II of this Report, trademarks that may initially be lacking distinctiveness, that are descriptive, or that might be considered generic can, in principle, be overcome by 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 Article 3(3) of the 2008 TM Directive).<sup>117</sup>

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

The main provisions concerning the revocation of an EU trademark on the ground of non-use are found in Articles 18 and 58(1) of the 2017 EUTM Regulation (previously Articles 15 and 51(1) of the 2009 EUTM Regulation). The parallel provisions in relation to the trademark registrations on the registers of EU Member States are set out in Articles 10 and 12 of the 2008 TM Directive (see now Articles 16 and 19 of the 2015 TM Directive). Although not expressly considered in this Part V, note that the CJEU’s finding in *Skykick* in Part IV of this Review will have the practical effect of focusing questions of breadth and extent of specification from the

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<sup>117</sup> This provision is now found at Articles 4(4) and 4(5) of the 2015 TM Directive. Note the new wording inserted into the second sentence of Article 4(5) of the 2015 TM Directive.

issue of bad faith to one of proof of use at the expiry of the relevant five-year period.

The main provisions relating to “proof of use” in connection with challenges to third-party marks are set out in Articles 47, 64(2), and 127(3) of the 2017 EUTM Regulation (previously Articles 42, 57(2), and 99(3) of the 2009 Regulation, respectively) and Article 11 of the 2008 TM Directive (in the 2015 TM Directive, see Articles 17, 44, and 46).

The cases analyzed in this Part V reflect the above considerations. Two cases consider the type and nature of use made by the proprietor, in particular as to whether the use made, or contemplated, would be in accordance with the essential function of a trademark to demonstrate origin. The CJEU considered whether use on packaging would be perceived as an indication of ingredients/content or one of origin. In *#daferdas*, the CJEU provided clarity on variable modes of use (on a reference from the German courts), finding that where the relevant custom and practice demonstrated a potential for several potential uses of a mark, the examiner would need to consider *all* of these to determine whether the average consumer would perceive the mark as an indication of commercial origin and, therefore, whether the sign had distinctive character. The CJEU also considered the relevance of dotted or solid lines indicating the likely placement of a figurative or position mark in determining genuine use of that trademark, as well as analyzing the extent and geographical spread of evidence of use filed in support of a claim to acquired distinctive character of an EUTM for a three-dimensional mark for guitars. Finally, national courts in Spain and Poland considered evidence filed to rebut revocation for non-use, clarifying the relevant tests as to the nature of evidence required and relevant time frames for such evidence.

## ***B. Legal Texts***

### **Article 7 of the 2017 EUTM Regulation**

#### **Absolute grounds for refusal**

1. The following shall not be registered:  
(Note: paragraph (a) was omitted.)
  - (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 3 of the 2008 TM Directive**

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

(Note: paragraph (a) was omitted.)

- (b) trademarks which are devoid of any distinctive character;
- (c) trademarks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services;
- (d) trademarks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practises of the trade;

(Note: paragraph 2 was omitted.)

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

...

### Article 18 of the 2017 EUTM Regulation

1. If within a period of five years following registration, the proprietor has not put the EU 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,<sup>118</sup> 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.

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<sup>118</sup> Namely, infringement actions and actions for compensation in respect of post-publication, pre-registration acts.

## **Article 10 of the 2008 TM Directive**

### **Use of trade marks**

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 an uninterrupted period of five years, the trade mark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use.

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

- (a) use of the 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;
  - (b) affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes.
2. Use of the trade mark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.

(Note: paragraph 3 was omitted.)

## **Article 11 of the 2008 TM Directive**

### **Sanctions for non-use of a trade mark in legal or administrative proceedings**

1. A trade mark may not be declared invalid on the ground that there is an earlier conflicting trade mark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2), or in Article 10(3), as the case may be.
2. Any Member State may provide that registration of a trade mark may not be refused on the ground that there is an earlier conflicting trade mark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2) or in Article 10(3), as the case may be.
3. Without prejudice to the application of Article 12, where a counterclaim for revocation is made, any Member State may provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked pursuant to Article 12(1).



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

### **Article 12 of the 2008 TM Directive**

#### **Grounds for revocation**

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

However, no person may claim that the proprietor's rights in a 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.

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

...

### **Article 14 of the 2008 TM Directive**

#### **Establishment a posteriori of invalidity or revocation of a trade mark**

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

### **Article 39 of the 2017 EUTM Regulation**

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

1. The proprietor of an earlier trade mark registered in a Member State, including a trade mark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, who

applies for an identical trade mark for registration as an EU trade mark for goods or services which are identical with or contained within those for which the earlier trade mark has been registered, may claim for the EU trade mark the seniority of the earlier trade mark in respect of the Member State in or for which it is registered.

(Note: paragraph 2 was omitted.)

3. Seniority shall have the sole effect under this Regulation that, where the proprietor of the EU trade mark surrenders the earlier trade mark or allows it to lapse, he shall be deemed to continue to have the same rights as he would have had if the earlier trade mark had continued to be registered.
4. The seniority claimed for the EU trade mark shall lapse where the earlier trade mark the seniority of which is claimed is declared to be invalid or revoked. Where the earlier trade mark is revoked, the seniority shall lapse provided that the revocation takes effect prior to the filing date or priority date of that EU trade mark.

### *C. Cases*

#### **1. EU—CJEU—Does “genuine use” of a trademark include use on the packaging of food products to describe the main ingredient of such goods?**

The CJEU in *Pandalis v. EUIPO*<sup>119</sup> considered the question of whether a registered word mark had been used as a trademark (in accordance with the essential function to distinguish origin) or merely as a description of the ingredients in the relevant goods.

On January 5, 2004, the word mark CYSTUS was registered by Mr. Pandalis as an EU trademark under class 30 for “food supplements not for medical purposes.” The mark was revoked ten years later after LR Health & Beauty Systems filed an application for revocation under Article 51(1)(a) of the 2009 EUTM Regulation,<sup>120</sup> on the basis that the mark had not been put to genuine use within a continuous period of five years.

Mr. Pandalis’s appeal was dismissed by the First Board of Appeal of the EUIPO (Board of Appeal) on three grounds:

- (a) the term “cystus” was not used as an EU trademark to indicate the commercial origin of his goods but to describe the ingredients that contained extracts from the plant variety *Cistus Incanus L*;

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<sup>119</sup> Case C-194/17P (CJEU, January 31, 2019) (EU:C:2019:80).

<sup>120</sup> This provision is now found at Article 58(1)(a) of the 2017 EUTM Regulation.

- (b) partial use of the symbol “®” and the different spelling of the mark with a *y* were not sufficient to conclude that the mark was used in its essential function as an EU trademark; and
- (c) the mark was not used for its designated class of goods.

The General Court agreed with the Board of Appeal’s decision. In particular, the General Court reiterated that the public would consider use of the term “cystus” on the packaging of non-medical food supplements to be descriptive of the main ingredient of those goods, rather than to identify the commercial origin of such goods. By way of example, the Court held that the terms “extract of cystus®” and “cystus® 052” in the product ingredient list for the product Immun44® Saft did not designate the commercial origin of a non-medical food supplement.

The General Court noted that such “misspellings” generally do not make a sign distinctive if its content can immediately be understood as descriptive, especially where the letters *i* and *y* are often used interchangeably in words of Latin origin. The General Court also ruled that the Board of Appeal was right to hold that certain of the products that Mr. Pandalis argued did amount to use of the mark, used with respect to “lozenges, throat pastilles, stock, gargling solution and infection blocker tablets,” were not, in fact, “food supplements not for medical purposes” so would not amount to use falling within the specification of the mark in any event.

The General Court therefore concluded that the mark had not been put to genuine use within the meaning of Article 51(1)(a), but it (and the Board of Appeal) did not find that the mark was descriptive in nature under Article 7(1)(c).<sup>121</sup> Mr. Pandalis subsequently appealed to the CJEU.

Before the CJEU’s ruling on January 31, 2019, Advocate General Kokott (AG) delivered her opinion in September 2018 and recommended that the CJEU dismiss the appeal. In relation to the assessment of genuine use, the AG noted that the weak distinctive character of the mark meant that the trademark may, in principle, be used either as an indication of commercial origin of a product or as a description of its ingredients. The AG further explained use would be regarded as “genuine” only where it is used as an indication of commercial origin to allow a customer to be able to choose (or avoid) buying the product again. Thus, not all use of a trademark must be in its function of indicating origin but also of guaranteeing quality or advertising; therefore not all manners of commercial exploitation would automatically be deemed genuine use of the mark under Article 51(1)(a).

The CJEU ruled that a significant portion of Mr. Pandalis’s appeal was merely challenging the factual assessment made by the

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<sup>121</sup> This provision is now found at Article 7(1)(c) of the 2017 EUTM Regulation.

General Court in reaching its conclusion, having not claimed that the General Court had distorted either the facts or the evidence. Consequently, the CJEU dismissed the complaint as to the Board of Appeal's error in identifying "food supplements not for medical purposes."

In relation to the ground of appeal relating to the General Court's assessment of genuine use, the CJEU agreed with the assessment of the General Court, confirming that there had been no error of law in its ruling. The CJEU reiterated previous case law, determining that genuine use must be assessed having regard to all facts and circumstances to establish whether commercial genuine use of the mark has occurred, which does not include token use for the sole purpose of preserving the rights provided by the mark. The CJEU agreed with the AG's opinion that genuine use is based on an indication of commercial origin and therefore held that the General Court was correct in finding that Mr. Pandalis had not made use of the mark under its essential function, but only as a description of the main ingredient of the goods concerned. The CJEU also concluded that the Board of Appeal had not ruled that the mark was descriptive in nature under Article 7(1)(c) and that the General Court had not erred in its assessment of that decision.

## **2. EU—CJEU—What is the relevance of "dotted" and solid lines when assessing genuine use of such marks?**

The CJEU in *Deichmann v. EUIPO*<sup>122</sup> considered whether the EU trademark registered by the intervener (below) on March 24, 2004, for "sports footwear" should be classified as a position mark or a figurative mark. During infringement proceedings brought against Deichmann SE (Deichmann), Deichmann filed a counterclaim under, inter alia, Article 51(1)(a) of the 2009 EUTM Regulation<sup>123</sup> alleging failure by the proprietor to put the mark to genuine use for a continuous period of five years. Upon a stay of the proceedings by the Landgericht Düsseldorf (Regional Court, Düsseldorf), Deichmann filed an application for revocation of the mark based on the same ground of non-use.



<sup>122</sup> Case C-223/18 P (CJEU, June 6, 2019) (EU:C:2019:471).

<sup>123</sup> This is now Article 58(1)(a) of the 2017 EUTM Regulation.

The Cancellation Division's original decision to revoke the mark was annulled by Munich SL's appeal to the Fourth Board of Appeal of EUIPO. On further appeal by Deichmann, the General Court agreed with the Board of Appeal's decision, finding that the evidence of use filed by the proprietor had demonstrated genuine use of the mark for the relevant goods during the five-year period preceding the date of filing the counterclaim.

The General Court also ruled that, when assessing the distinctiveness of a mark, the classification of a position mark as a figurative or three-dimensional mark was irrelevant. In any case, case law<sup>124</sup> recognizes that figurative marks may, in fact, be position marks. The mere fact that the "figurative mark" box was ticked when the mark at issue was registered was not conclusive. Instead, consideration should be given to the graphical representation of the mark at issue clearly identifying:

- (a) in solid lines, the element in respect of which protection was applied for; and
- (b) in dotted lines, the outline of the goods at issue on which that element was placed.

The General Court therefore inferred from the graphical representation of the mark that the protection sought covered only a cross, consisting of two black intersecting solid lines. In contrast, the "dotted" lines should be understood as forming the outline of the product to which the position of that cross is specified, on the basis that "dotted" lines are usually used in this manner in graphical representations.

Deichmann sought an appeal to the CJEU, alleging improper application of Articles 15(1)<sup>125</sup> and 51(1)(a) of the 2009 EUTM Regulation in relation to the issue of non-use. In particular, Deichmann set out three arguments for its ground of appeal, whereby the General Court had:

- (a) failed to consider the importance of classifying the mark at issue as a position or figurative mark by concluding that it is irrelevant for assessing whether the mark had been put to genuine use;
- (b) contradicted itself by maintaining that the determination of the subject matter of the mark at issue was irrelevant and by treating it as a position mark anyway when assessing genuine use; and
- (c) erred in finding that the intervener had demonstrated genuine use as a result of its assessment of the mark at

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<sup>124</sup> Colloseum Holding, Case C-12/12 (CJEU, April 18, 2013) (EU:C:2013:253) and Rosenruist v. OHIM (Representation of two curves on a pocket), Case T-388/09 (GC, September 28, 2010) (EU:T:2010:410).

<sup>125</sup> This is now Article 18(1) of the 2017 EUTM Regulation.

issue as a position mark, when it is incorrect to regard the mark as a position mark.

In delivering its judgment, the CJEU first confirmed that the classification of the mark as a position or figurative mark is indeed irrelevant for the purposes of assessing genuine use of a mark. In its ruling in *Société des produits Nestlé v. Mondelez UK Holdings & Services*,<sup>126</sup> it is stated that the requirements for assessing genuine use of a mark within the meaning of Article 15(1) of the 2009 EUTM Regulation are comparable to the requirements for assessing acquired distinctiveness of a mark through use for the purpose of its registration under Article 7(3) of the 2009 EUTM Regulation.<sup>127</sup> These requirements do not include determining the subject matter of the mark at issue.

In respect of the subject matter of the mark at issue, the CJEU agreed with the General Court's approach that, although the subject matter of the mark at issue is defined by the graphical representation as registered, the General Court is entitled to consider the likely interpretation of the solid and "dotted" lines in the graphical representation. The factual assessment carried out by the General Court could not be challenged in any event, but the Court had been entitled to infer from the graphical representation that the protection sought covered only a cross, consisting of two black intersecting lines, represented in solid lines.

The CJEU referred to its judgment in *Pi-Design and Others v. Yoshida Metal Industry*,<sup>128</sup> in clarifying that the assessment of characteristics of a sign may consider (in addition to the graphical representation and any descriptions filed at the time of the application to register) any other material relevant to identifying the essential characteristics of a sign. It is the function of the graphical representation to define the mark itself in order to determine the precise subject of the protection afforded by the registered mark. In any case, neither the applicable legislation or case law requires filing a description or disclaimer to specify the scope of protection sought by a trademark, nor are the EUIPO Guidelines legally binding in requiring that a position mark be expressed as such.

Finally, the CJEU ruled that the General Court did not err in law by finding that the differences between the mark at issue and the versions used on the sports shoes marketed by Munich SL were negligible. The evidence of use of the mark on the shoes was therefore sufficient to establish genuine use of the mark.

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<sup>126</sup> Case C-84/17 P, C-85/17 P and C-95/17 P (CJEU, July 25, 2018) (EU:C:2018:596), at para. 70.

<sup>127</sup> This is now Article 7(3) of the 2017 EUTM Regulation.

<sup>128</sup> Case C-337/12 (CJEU, March 6, 2014) (EU:C:2014:129), at para 54.

**3. EU—CJEU—Does a sign have distinctive character if there is a possibility for it to be used as an indication of origin, even if it is not the most likely use?**

*AS v. Deutsches Patent- und Markenamt*<sup>129</sup> concerned a request from the German Federal Court of Justice (the *Bundesgerichtshof*) to the CJEU for a preliminary ruling in relation to the application to register as a German national trademark a sign comprising the hashtag “#darferdas?” (loosely translated as “Can he do that?”) in class 25 for “clothing, in particular tee-shirts; footwear; headgear.” The German Patent and Trade Mark Office (the “DPMA”) had rejected the application on the grounds that it was devoid of distinctive character.

AS had appealed to the Federal Patents Court (*Bundespapentgericht*), which also dismissed the action, stating that the sign simply represented a stylized version of three common German words. The Federal Patent Court held that the relevant public, on seeing the sign on the front of an item of clothing, would not understand it as an indication of origin but rather as a simple question relating to everyday language.

AS appealed further to the Federal Court of Justice (*Bundesgerichtshof*), which found it common practice in the clothing industry to place marks on both exterior and interior labels (i.e., tags on the outside of the clothing and sewn inside the garment). The request for a preliminary ruling related to the proper interpretation of Article 3(1)(b) of Directive 2008/95/EC relating to the distinctive character of trademarks. The Federal Court of Justice, in referring the following question to the CJEU, noted that the examiner would need to determine whether a consumer, on seeing the types of placement (or at least one label on the garment) would believe the sign to be a trademark: “Does a sign have distinctive character when there are in practice significant and plausible possibilities for it to be used as an indication of origin in respect of goods or services, even if it is not the most plausible use of the sign?”

In considering the terms of the reference, the CJEU first considered the question of whether a hashtag could be registered as a trademark. There was no reason in principle to assume at the outset that a hashtag could not, in theory, indicate the commercial origin of goods and services and therefore be registrable as a trademark. The proper assessment to be carried out by the administrative/judicial authority was whether the mark for which registration was sought had the necessary distinctive character

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<sup>129</sup> Case C-541/18 (2019).

within the meaning of Article 3 of Directive 2008/95—either intrinsically<sup>130</sup>—or acquired through use as a trademark.<sup>131</sup>

The CJEU reiterated the well-established test that the assessment of distinctive character must be carried out by reference to the perception of the average consumer of the goods and services, who is reasonably well informed and circumspect, taking into account all the circumstances.<sup>132</sup> Specifically, the CJEU observed that there was no requirement for an applicant to indicate the use it will or intends to make of the mark applied for, or even to know precisely what such use might be. Indeed, even following registration of the mark, 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.<sup>133</sup>

In cases where there had been no use (or at least no significant use) of the mark prior to registration, the examiner must identify use in light of the customs and behaviors of the sector (here of the manufacturers/retailers of such garments) and the associated perception of consumers within the relevant Member State in question. Where the relevant custom and practice demonstrated the potential for several uses of a mark, the examiner would need to consider *all* of these to determine whether the average consumer would perceive the mark as an indication of commercial origin and, therefore, whether the sign had distinctive character.

In the present case, the referring court had identified two types of placement that are practically significant in that clothing sector, being the front of a tee-shirt and/or the label placed on the inside of it. On that basis, it was for the national court to determine whether consumers would perceive “#darferdas” as an indicator of commercial origin (rather than simply a decorative element) where it has been placed either on the front of a tee-shirt and/or sewn in as a label. The relevant assessment could only focus on one potential use where that was the only “practically significant” custom in the economic sector concerned, which was not the case here.

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<sup>130</sup> Article 3(1)(b).

<sup>131</sup> Oberbank and Others, Case C-217/13 and C2-218/13 (EU:C:2014:2012).

<sup>132</sup> Koninklijke KPN Nederland, Case C-363/99 (EU:C:2004:86).

<sup>133</sup> Silberquelle, Case C-495/07, EU:C:2009:10.



**4. EU—General Court—Is it necessary to evidence use throughout the territory of the EU, and not only in a substantial part or the majority of the territory, in order to prove distinctive character acquired by use?**

*Gibson Brands Inc. v. EUIPO and Hans-Peter Wilfer*<sup>134</sup> concerned the General Court’s assessment of validity of the registration of a three-dimensional mark of a guitar with a V-shaped body (also known as the “Flying V”) by the well-known guitar manufacturer Gibson. The mark is reproduced below:



The mark was successfully registered by Gibson in classes 9, 15, and 25 under No. 9179953 on November 30, 2010.

On October 7, 2014, the intervener, Mr. Hans-Peter Wilfer (owner of Warwick GmbH & Co., a Germany guitar manufacturer) filed an application under Article 59(1)(a) of the 2009 EUTM Regulation challenging validity on the basis of Article 7(1)(b) (distinctive character), (d) (signs or indications that have become customary), and (e) (signs that consist exclusively of a shape that results from the nature of the goods themselves, a shape of goods necessary to obtain a technical result, or a shape that gives substantial value to the goods). The relief sought was a declaration of partial invalidity of the challenged mark insofar as it had been registered for musical instruments in class 15.

By a decision of December 21, 2016, the Cancellation Division of EUIPO upheld Mr. Wilfer’s application, finding that the challenged mark was devoid of inherent distinctive character for the goods at issue within the meaning of Article 7(1)(b) of the 2009 EUTM Regulation and that, furthermore, the applicant had failed to establish the distinctive character acquired by that mark in the EU

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<sup>134</sup> Case T-340/18 (CJEU, June 28, 2019) (EU:T:2019:455).

within the meaning of Article 59(2) of the 2009 EUTM Regulation. Gibson appealed against the decision of the Cancellation Division.

The Second Board of Appeal dismissed the appeal.<sup>135</sup> The Board of Appeal held that, even if electric guitars with V-shaped bodies may have been very unusual when they were released in 1958, that shape is now perceived as one possible variant of the many shapes of electric guitars on the market. As such, the shape no longer departed significantly from the norms and customs of the electric guitar sector at the time the challenged mark had been filed. Consequently, consumers could not base their decision to purchase solely on the V-shape as an indication of origin, since that shape was devoid of inherent distinctive character. As to distinctive character acquired by use, the Board of Appeal considered that the eight market surveys produced by Gibson were not sufficient for the extrapolation of their results to the rest of the EU.

Gibson appealed to the EU General Court. Relying on Article 59(1)(a) and Article 7(1)(b) of the 2009 EUTM Regulation, Gibson argued that the Board of Appeal had failed to properly apply the standard for assessing the inherent distinctiveness of the challenged mark, resulting in a wrongful discharge of the burden of proof.

Relying on Article 59(2) and Article 7(3) of the 2009 EUTM Regulation, Gibson contended that the Board of Appeal wrongly held that the challenged mark had become iconic independent of the applicant and that its reputation precluded the acquisition of distinctive character through use. It also argued that the proper standard for assessing the challenged mark's acquired distinctiveness was not taken into account and finally, that the decision lacked proper reasoning of distinctiveness acquired through use, particularly in relation to the market surveys not being taken into account and the existence of a dealer network in Cyprus and Slovenia not being sufficient to establish use in those two Member States.

The General Court confirmed the Board of Appeal's decision in all respects. The presence on the market of a significant number of shapes encountered by consumers made it unlikely that they would regard a particular shape as belonging to a specific manufacturer, rather than being just one of the variety of shapes characterizing the market. Owing to the presence of at least a dozen shapes of guitar bodies on the market, from the traditional rounded shape to angular V or X shapes, or shapes that imitate an axe, the "Flying V" guitar was only one possible variant of many existing shapes that did not depart significantly from the norms and customs of the sector.

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<sup>135</sup> Case R 415/2017-2.

The General Court found that the Board of Appeal had correctly considered as evidence North American publications, because those publications enabled the perception of the challenged mark by the relevant public in the EU. The market of musical instruments must properly be regarded as a global market.

The General Court also confirmed that the eight market surveys produced by Gibson (initially considering perception by consumers in Germany, Italy, Sweden, and later supplemented by Bulgaria, Spain, the Netherlands, Poland, and the UK) were insufficient to prove that the challenged mark had acquired a distinctive character throughout the EU. As established in *KIT KAT*,<sup>136</sup> where a mark is not inherently distinctive, the distinctive character acquired through use must be shown throughout the territory of the EU and not only in a substantial part or the majority of the territory.<sup>137</sup> The Board of Appeal also confirmed the Board of Appeal's reasoning regarding Cyprus and Slovenia and since the applicant had not previously demonstrated use of the challenged mark in those territories, an extrapolation of the global data concerning the EU market as a whole could not be made without more specific evidence of sales in those territories. The presence of an authorized dealer in such territories was insufficient without evidence of (substantial) sales.

### **5. Poland—Polish Supreme Administrative Court (SAC)—What evidence is necessary to establish genuine use of a trademark and what is the relevant time frame for such evidence?**

The judgment of the Polish Supreme Administrative Court (“SAC”) in *II GSK*<sup>138</sup> concerns a non-use claim relating to the Polish national trademark for the word “GRASOVKA.” The party filing the non-use claim, a German company (Semper Idem Underberg GmbH or “Semper”) indicated that it was entitled to the EUTM for the word “GRASOVKA” and intended to enter the Polish market in the near future. In its opinion, the owner of the Polish trademark GRASOVKA (a Polish company, CEDC International Sp. z o.o., “CEDC”) had not used this mark for a continuous period of five years in the territory of Poland. The proprietor of the Polish trademark contended that the disputed mark was genuinely used for goods in class 33 (vodka).

In its decision at first instance the Polish Patent Office (“PPO”) revoked the trademark GRASOVKA for non-use. The PPO ruled

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<sup>136</sup> *Société des produits Nestlé SA and Others v. Mondelez UK Holdings & Services*, Cases C-84/17 P, C-85/17 P and C-95/17 P (EU:C:2018:596) para. 87.

<sup>137</sup> *Société des produits Nestlé SA and Others v. Mondelez UK Holdings & Services*, Cases C-84/17 P, C-85/17 P, and C-95/17 P (EU:C:2018:596) para. 87.

<sup>138</sup> Judgment of the SAC of 10.07.2019, *II GSK 2051/17*, LEX no. 2713879.

that the relevant time for examination of genuine use was the five-year period from November 2008 to November 2013 (being the five-year period preceding the application for revocation). The evidence submitted by the proprietor and taken into account by the PPO showed that during the relevant period the proprietor had placed only 4032 bottles of vodka labeled with the disputed mark on the market. Evidence dated prior (or subsequent) to the relevant period for demonstrating use, or subsequent to the revocation filing, was considered irrelevant, as were materials that were not dated at all. In the PPO's opinion, a mark registered for spirits in class 33 did not indicate a particularly "niche" market (for which a lower quantity of use might still be considered enough), so the extent of use was found to be insufficient. On first appeal, the District Administrative Court ("DAC") in Warsaw upheld the decision of the PPO, confirming the findings of the Office that there was no genuine use during the relevant time.

The case reached the SAC, which reversed the findings below. In the opinion of the SAC,<sup>139</sup> the PPO incorrectly assumed that the genuine use of a trademark consists solely of the act of placing goods on the market. According to the relevant provisions and case law, placing goods on the market is one but not the *only* form of genuine use of a trademark. The SAC referred to the CJEU guidance in *La Mer*,<sup>140</sup> according to which genuine use of a trademark is established where a mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services.

In the proper analysis, in the opinion of the SAC, the assessment of the Office should have taken into account the entirety of the evidence gathered and there were no grounds to automatically exclude the evidential value of documents that were not issued during the period under investigation. The Office should be consistent in its reasoning and take into account all evidence upon which conclusions could safely be drawn on the genuine use as of the date of filing the revocation application, as well as the continuation of actions subsequent to that date.<sup>141</sup>

The Court agreed with the appellant that the approach of the authority was arbitrary when it assumed that classification of goods in class 33 was of itself a determination of the mass market nature of those goods. The approach of the PPO and the DAC had been

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<sup>139</sup> Judgment of the SAC of 10.07.2019, II GSK 2051/17, LEX no. 2713879.

<sup>140</sup> Judgment of the CJEU of 27.01.2004, Case C-259/02 (*La Mer Technology*), pt. 31-33, ECLI:EU:C:2004:50.

<sup>141</sup> Judgment of the CJEU of 5.10.2004, Case C-192/03 (*Alcon v. OHIM*), pt. 41, ECLI:EU:C:2004:587; Judgment of the CJEU of 27.01.2004, Case C-259/02 (*La Mer Technology*), pt. 27, ECLI:EU:C:2004:50.

incorrect because both authorities assumed that belonging to a particular class of goods determines automatically their mass or niche character. It was also irrelevant that the proprietor of the Polish trademark did not conduct advertising campaigns to link the trademark with certain goods in the minds of consumers, not least as there is a legal prohibition on advertising and promotion of alcoholic beverages (which includes goods in class 33<sup>142</sup>).

The SAC confirmed that placing goods on the market is only one among the various forms of genuine use of a trademark. In accordance with EU case law, the SAC assessed the genuine use in the context of achieving the purpose and function of a trademark and not by undertaking predetermined actions, as these may take various forms depending on the chosen market strategy of any trader. The SAC considered that when it serves a real commercial purpose, even minimal use of the mark, or use by only a single importer in the member state, could be sufficient to establish genuine use.

As to the assessment of the relevant evidence confirming genuine use, the approach of the SAC was rather more controversial, although arguably still consistent with several CJEU judgments. The SAC confirmed that while assessing genuine use during the relevant period, *any* circumstances prior to or subsequent to the filing of a non-use claim should be taken into account, as long as they enable the tribunal to draw conclusions on the facts as they existed during the relevant period. In this particular situation the scope of evidence should not be restricted by automatically rejecting documents submitted which were issued outside of the period under examination.

## **6. Spain—Commercial Court of Barcelona— Revocation of a historic but well-known mark**

This case represents the Spanish installment of two companies (one from the United States and one from Japan) involved in an international dispute over the historic brand “AIWA.”

The company Aiwa Co. Ltd. was founded in 1959 in Japan and was once a well-regarded global brand, known for making quality audio products and being the market leader in several product categories. It created the first cassette tape recorder in the Japanese market in 1964.

The company eventually became unprofitable and was purchased by Sony in 2003. AIWA was then rebranded as a new “youth-focused” division of Sony. This strategy ultimately proved unsuccessful, and in 2006 Sony announced that it had discontinued use of the AIWA brand.

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<sup>142</sup> Article 13 of the Act on Education in Sobriety and Counteracting Alcoholism of 26.10.1982, Journal of Laws 2018 No. 2137.

In 2015, an American audio company known as Hale Devices, Inc. registered a number of trademarks for AIWA, both in the United States and in the EU. The company renamed itself “AIWA Corporation” and started to produce and sell AIWA-branded audio equipment in 2015.

In February 2017, SONY sold its AIWA trademarks to one of its suppliers, Towada Audio Co. In April 2017, Towada changed its company name to “AIWA Co. Ltd.” and designed a plan to relaunch the AIWA brand internationally.

When AIWA Corporation became aware of this plan in 2017, it filed a series of revocation actions in various territories to cancel the trademark rights formerly owned by SONY on the grounds of non-use. Spain is the first jurisdiction where these revocation proceedings have reached a final decision.

The Japanese defendant sought to argue that the application for revocation was made in bad faith as the plaintiff had misappropriated a third party’s trademark. It also claimed that the trademark remained in genuine use, including through the sales on e-Bay and other online platforms where old stock, refurbished or second-hand products remained available for purchase. Further, the trademark also remained in use with third-party companies that still offered repair services and sold spare parts of AIWA products. In addition, the defendant had begun commercial preparations to recommence use and had signed license agreements with many local companies in different jurisdictions to “revive” and relaunch the brand.

In its judgment of April 10, 2019,<sup>143</sup> the Commercial Court of Barcelona upheld the complaint of the U.S. company and cancelled the Spanish AIWA trademarks for non-use.

The Commercial Court did not consider that the American plaintiff was acting in bad faith. It was the owner of a U.S. and an EU Trademark Registration, that had not been challenged by the defendant, so it had a legitimate interest to remove the old trademarks from the Registry to be able to use its own trademarks without risk. The fact that similar cancellation actions had been launched in other jurisdiction strengthened the legitimate interest of the trademark owner to become the sole owner of exclusive rights on trademark AIWA and gain market share for the trademark.

In confirming a lack of genuine use, the Court considered that no new products had been manufactured or sold in Spain in the previous five years. The printouts from eBay, Amazon, and others showing that AIWA products were still being sold was not sufficient, as these websites only showed the sale of secondhand products by individual owners. In addition, the sale of old stocks could only be

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<sup>143</sup> *Aiwa Corporation v. Aiwa Co. Ltd.*, Judgment 164/2019 dated April 10, 2019, of Commercial Court of Barcelona No. 9 (Case 789/2017).

regarded as “symbolic” without any intervention from the trademark owner and without an aim to create or maintain a market share for the brand. In fact, some of the new AIWA products brought forward by the defendant were in fact AIWA products of the plaintiff, AIWA Corporation.

A Private Investigator appointed by the plaintiff helped prove that there were no AIWA products sold in Spain. He had made telephone enquiries to Sony, visited a large number of retailers of electronic goods in Spain, and made Internet searches, and all these enquiries clearly showed no genuine use of the trademark AIWA in the preceding five years.

In relation to the repair services and the fact that spare parts of AIWA products could still be found, the Court considered that this was also irrelevant. Applying the findings of the CJEU in *Ansul/Minimax*<sup>144</sup> the Court considered that these repair services were not only of AIWA goods but of dozens of other marks. Apart from that, these companies were completely unrelated to the trademark owner. The Court said that if these repair service companies had indeed acted as an official service of the AIWA brand, it would have been very easy to submit invoices proving this fact, which the defendant never did.

Finally, considering the preparations for use, the Court considered that these took place after the defendant had become aware that the cancellation action could be filed. For example, the license agreement with a Spanish dealer filed as evidence in the proceedings was dated February 21, 2018, a few months *after* the Spanish complaint had been filed.

Consequently, all the three Spanish Trademark Registrations (formerly in the name of SONY that now belonged to the recently created company AIWA Company Ltd.) were cancelled for non-use. The judgment was not appealed and is final. The dispute continues in many other jurisdictions, including in the EUIPO.

## VI. TRADEMARK INFRINGEMENT

### *A. Introductory Comments*

This Part VI considers cases on infringement of the exclusive rights conferred on trademark proprietors by the EUTM Regulation and the TM Directive.

The exclusive use rights of a trademark proprietor relating to EU trademarks are found in Article 9 of the 2017 EUTM Regulation. The parallel rights conferred by a trademark in relation to the national trademark authorities of EU Member States are set out in

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<sup>144</sup> Case C-40/01 (ANSUL/MINIMAX), March 13, 2003.

Article 5 of the 2008 TM Directive (now Article 10 of the 2015 TM Directive).

The cases featured in this Part VI are all from the EU national courts covering a typically diverse range of issues. The UK High Court considered an infringement action on an expedited basis in a highly compressed timetable, while the Dutch Supreme Court considered liability for refilling branded receptacles with third-party product. The Lisbon Court of Appeal confirmed that the use of trademarks in comparative price lists might take unfair advantage by denoting equivalence (other than on price) and the Court of Appeal of Luxembourg confirmed the narrow scope of protection for a mark with weak distinctive character. A fascinating case in Belgium related to the balancing of freedom or artistic impression with the rights of a trademark proprietor to prevent exploitation of such marks. Perhaps reflecting the growing importance of the “online” environment, a considerable number of cases in 2019 explored liability for infringement in that environment, including in relation to search functions, autocomplete, Internet keywords and clickthrough revenue, as well as determining whether brand owners or Internet Service Providers must bear the cost of preventing access by consumers to online sources of counterfeit goods.

### ***B. Legal Texts***

#### **Article 9 of the 2017 EUTM Regulation**

1. An EU 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 trademark 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.

(Note: in the 2017 EUTM Regulation, Article 9 has been extended and supplemented. Article 9(4), dealing with goods in transit, is a new feature that was not found in the old EUTM Regulation. Also new are the express references to

use as a trade or company name in Article 9(3)(d) and to use in unlawful comparative advertising in 9(f). (Note that this does not outlaw the use of marks in comparative advertising per se, but the use must conform to EU law requirements.) The numbering has also changed, so that the main infringing acts now fall under Article 9(2) rather than 9(1), as they did under the old EUTM Regulation. The provision that the exclusive rights are without prejudice to earlier rights, at the beginning of Article 9(2), is also new.)

### Article 5 of the 2008 TM Directive

(Note: The corresponding provisions are to be found in Article 10 of the 2015 TM Directive.)

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:
  - (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
  - (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark.
2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services [*which are not similar to those for which the trade mark is registered*], where the latter has a reputation in the Member States and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.
3. The following, inter alia, may be prohibited under paragraphs 1 and 2:
  - (a) affixing the sign to the goods or to the packaging thereof;
  - (b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
  - (c) importing or exporting the goods under the sign;

(d) using the sign on business papers and in advertising.  
 (Note: By virtue of CJEU case law, the italicized wording appearing above in square brackets is effectively to be ignored. In other words, the rule applies whether or not the goods and services in question are similar, including situations where the goods and services are identical. The infringement provisions of the 2008 TM Directive are modified in the 2015 TM Directive Article 10 of the 2015 TM Directive, which sets out the relevant provisions, corresponds closely with the provisions of Article 9 of the 2017 EUTM Regulation.)

### **Article 97 of the 2009 EUTM Regulation**

1. Subject to the provisions of this Regulation as well as to any provisions of Regulation (EC) No 44/2001 applicable by virtue of Article 94, proceedings in respect of the actions and claims referred to in Article 96 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.  
 24.3.2009 EN Official Journal of the European Union L 78/23
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 23 of Regulation (EC) No 44/2001 shall apply if the parties agree that a different Community trademark court shall have jurisdiction;
  - (b) Article 24 of Regulation (EC) No 44/2001 shall apply if the defendant enters an appearance before a different Community trademark court.
5. Proceedings in respect of the actions and claims referred to in Article 96, with the exception of actions for a declaration of non-infringement of a Community 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 within the

meaning of Article 9(3), second sentence, has been committed.

### **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 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 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—Can a trademark owner bring an infringement action in a Member State where advertising or offers for sale are directed at that territory, even if the actual sale is concluded in another territory?**

*AMS Neve Ltd., Barnett Waddingham Trustees, Mark Crabtree v. Heritage Audio SL, Pedro Rodríguez Arribas*<sup>145</sup> concerned the question of whether an EU trademark owner could bring an

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<sup>145</sup> Case C-172/18 (CJEU, September 5, 2019) (EU:C:2019:674).

infringement claim against an infringer in a Member State to which Internet sales and advertising had been directed, in circumstances where the eventual sale of such goods took place in a different Member State.

AMS Neve (AMS) is a UK manufacturer and seller of audio equipment with a registered EU trademark consisting of the figure “1073” (the “Mark”) registered in class 9 for “sound studio recording, mixing and processing equipment.” Heritage Audio SL (Heritage) is a company established in Spain that sells and supplies audio equipment.

In October 2015, AMS brought a claim for trademark infringement in the UK IP Enterprise Court (“IPEC”) against Heritage under Articles 9(2)(b) and (d) of the 2009 EUTM Regulation, for allegedly offering for sale and advertising to consumers in the UK imitations of goods of AMS bearing a sign identical or similar to the Mark. Heritage applied for an order that the UK courts did not have jurisdiction to hear the claim.

The IPEC held that, insofar as a dispute concerns infringement of an EU trademark, in accordance with Article 97(1) of the 2009 EUTM Regulation the court of the Member State in whose territory the defendant is domiciled will have jurisdiction. However, Article 97(5) states that the applicant may “*also*” bring an action in the courts of the Member State in which the act of infringement has been committed or threatened. It concluded that the courts of the Kingdom of Spain, rather than the UK, had jurisdiction to hear this claim. It was in this territory that Heritage was domiciled and where the act of infringement, being the act of advertising or offering for sale on its website the infringing goods, had been committed.

AMS appealed to the Court of Appeal, which provisionally considered that the IPEC had misinterpreted the relevant case law. However, the position was not *acte clair*, so the proceedings were stayed and the Court of Appeal referred the following questions to the CJEU:

In circumstances where an undertaking is established and domiciled in Member State A and has taken steps in that territory to advertise and offer for sale goods under a sign identical to an EU trade mark on a website targeted at traders and consumers in Member State B:

- i does an EU trade mark court in Member State B have jurisdiction to hear a claim for infringement of the EU trade mark in respect of the advertisement and offer for sale of the goods in that territory?
- ii if not, which other criteria are to be taken into account by that EU trade mark court in determining whether it has jurisdiction to hear that claim?

- iii in so far as the answer to (ii) requires that EU trade mark court to identify whether the undertaking has taken active steps in Member State B, which criteria are to be taken into account in determining whether the undertaking has taken such active steps?

Before the CJEU gave its preliminary ruling, Advocate General Szpunar (AG) provided guidance on the interpretation of Article 97(5). The AG concluded that, in the circumstances set out in the questions posed by the referral court, Member State B does have jurisdiction to hear a claim for infringement of the EU trademark as the territory where the act of infringement occurred in respect of the advertisement and offer for sale of goods in that territory, provided that it specifically targets the public in that Member State.

The AG provided a non-exhaustive list of targeting criteria, including the following significant factors: (a) an offer and advertisement refer expressly to the public of a specific Member State; (b) they are available on a website with a country-specific top-level domain of that Member State; (c) the prices are given in the national currency; (d) telephone numbers on the website contain the national prefix of the Member State; or (e) the offer for sale gives details regarding the geographic areas to which the seller is willing to dispatch, including those of the Member State (provided it is not a general indication covering the whole of the EU).

The CJEU gave its ruling in early September 2019 and agreed with the AG's interpretation of Article 97(5), but without commenting on the targeting criteria. The CJEU noted that, under the circumstances of the present case, an EU trademark court must be satisfied that the acts allegedly committed by the defendant were committed in that territory. For cases where the infringing acts consist of advertising and offers for sale displayed electronically, it is necessary to follow the CJEU's earlier judgment in *L'Oréal and Others*.<sup>146</sup> Such acts falling within the scope of Articles 9(2)(b) and (d) were committed in the territory where the consumers or traders, to whom that advertising and those offers for sale are directed, are located,<sup>147</sup> regardless of the fact that the defendant, the network servers used, or the products related to such acts are established elsewhere.

The CJEU rejected the IPEC's narrow interpretation of Article 97(5) to refer to the place where the defendant took decisions and steps to activate a display on a website. This was an inappropriate interpretation, as it would deprive Article 97(5) from being an alternative to Article 97(1). In addition, the CJEU noted that it is

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<sup>146</sup> Case C-324/09 (CJEU, July 12, 2011) (EU:C:2011:474).

<sup>147</sup> *Id.* at para. 63.

typically difficult, sometimes impossible, for the applicant to identify this territory in the first place.

A wider interpretation of Article 97(5) was provided by the CJEU, supported by its earlier judgments in *Wintersteiger*<sup>148</sup> and *Bolagsupplysningen and Ilsjan*<sup>149</sup> that consider the suitability of the place where the harmful event occurred due to its courts being best placed to assess whether the mark has been infringed by reason of proximity and ease of taking evidence.

## 2. Benelux—Benelux Court of Justice— Does freedom of artistic expression constitute “due cause” to use a trademark in an artistic endeavor?

In its decision<sup>150</sup> of October 14, 2019, the Benelux Court of Justice considered the balance of artistic expression and trademark law, and in particular the relevance of “due cause” for the incorporation of trademarks in artistic works.

Moët Hennessy Champagne Services holds the relevant rights in all trademarks protecting the name and trade dress of DOM PÉRIGNON champagne. An artist who had made several paintings featuring this luxury product used the title “DAMN PÉRIGNON” to refer to these paintings. The Brussels Commercial Court referred a preliminary question to the Benelux Court of Justice in order to seek guidance in applying the balance between, on the one hand, exclusive trademark rights and, on the other hand, the artist’s freedom of expression.<sup>151</sup> The question concerned, in particular, the interpretation of “due cause” within the meaning of Article 2.20(1)(d) of the Benelux Convention of Intellectual Property (“BCIP”), which entitles the trademark holder to take action against any use of the mark that is made *otherwise* than for distinguishing goods, unless the defendant has a “due cause.” This rather specific Benelux provision transposes Article 10(6) of the 2015 TM Directive into national law protecting 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 trademark.

The Benelux Court of Justice ruled that under Article 2.20(2)(d) BCIP artistic expression constitutes “due cause” to use a sign that is identical or similar to the registered trademark if it is used for

<sup>148</sup> Case C-523/10 (CJEU, April 19, 2012) (EU:C:2012:220).

<sup>149</sup> Case C-194/16 (CJEU, October 17, 2017) (EU:C:2017:766).

<sup>150</sup> A 2018/1.

<sup>151</sup> For commentary on this judgment, see Tom Scourfield, *Annual Review of EU Trademark Law: 2018 in Review*, 109 TMR 441, 542-544 (2019).



purposes other than those of distinguishing goods or services and, insofar that the artistic expression is the result of a creative design process. However, the artistic expression cannot be *aimed at harming the trademark or its proprietor*. Discretionary power of the court to continue this balancing exercise between artistic expression and the rights of the intellectual property is needed on a case-by-case basis.

The case is now referred back to the Brussels Commercial Court, which will have to decide whether the artistic expression at stake was aimed at harming the trademark or its proprietor.

### **3. France—French Supreme Court— Can a trademark that has never been used form the basis of a trademark infringement action?**

Can a trademark that has been revoked for non-use on the expiry of the period of five years following publication of the registration nevertheless form the basis of an action for trademark infringement in respect of acts carried out during the first five years following registration? In such circumstances, can the trademark proprietor seek compensation for the damage that it would have suffered as a result of the use by a third party, prior to the date on which the revocation took effect, of a similar sign for identical or similar goods or services?

That, in essence, was the question referred by the French Supreme Court<sup>152</sup> in *Cooper International Spirits and others* in relation to a request for preliminary guidance from the CJEU, which concerns the interpretation of Articles 5(1)(b), 10, and 12 of the 2008 Trademark Directive.

This question was raised in the context of trademark infringement proceedings between an individual, the owner of the French trademark SAINT GERMAIN filed for alcoholic beverages, and three companies manufacturing and distributing an elderberry liqueur under the name “St-Germain,” being Cooper International Spirits, Établissements Gabriel Boudier, and St. Dalfour.

In parallel revocation proceedings in relation to the trademark at issue, the Regional Court of Nanterre (France) had held that the owner of the trademark SAINT GERMAIN filed to demonstrate genuine use of its trademark since its filing, and ordered the revocation of its rights as of the expiry of the five-year period that followed the date of publication of the trademark registration.

In light of this revocation and the fact that the trademark had accordingly never been commercially exploited, the first instance court rejected the trademark owner’s claims in their entirety. The Paris Court of Appeals upheld this judgment. In light of the

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<sup>152</sup> Case C-622/18.

dissimilarities between the conflicting signs, limited to the contraction of the word “SAINT” into “St” and the adjunction of a dash, the infringement alleged by the plaintiff was in effect an allegation of infringement by imitation. The Paris Court held that the assessment of the likelihood of confusion in the public’s mind implied that the mark invoked has been exploited in such a way as to bring it into contact with consumers. This requirement not being met, the Court concluded that the function of guarantee of origin of that mark could not be impaired.

On appeal to the Supreme Court of France, the Court considered cases such as *Interflora* and the requirement for a trademark to always fulfil its function of indicating origin. It was unclear to the Supreme Court whether such essential function could be adversely affected in an infringement action in a case where the prior right had in fact *never* been used. In this context the French Supreme Court referred the following question to the CJEU:

Must Article 5(1)(b) and Articles 10 and 12 of Directive 2008/95 EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks be interpreted as meaning that a proprietor which has never exploited its trade mark and whose rights over it were revoked on expiry of the period of five years following publication of its registration can obtain compensation for injury caused by infringement, claiming an adverse effect on the essential function of its trade mark, caused by use by a third party, before the effective date of the revocation, of a sign similar to that trade mark to designate goods or services identical or similar to those for which that trade mark was registered?

The opinion of Advocate General M. Giovanni Pitruzzella was rendered on September 18, 2019, and demonstrated a rather different approach to that carried out by the French courts. The Advocate General considered that a trademark owner enjoys the full rights associated with a trademark until such time as it may be revoked for non-use. As such, the trademark owner may seek compensation for the damage he has suffered as a result of the use, by a third party, prior to the effective date of revocation, of a similar sign for identical or similar goods or services that are confusing with his trademark. In such an action, the likelihood of confusion between the conflicting signs must be assessed “by reference solely to the elements resulting from the registration of the trademark.” While the actual use made by the proprietor may be taken into account in the global appreciation and assessment of all relevant circumstances, such use is not a pre-requisite for the application of that test.

The CJEU’s answer to these questions will be keenly awaited and will no doubt feature in a future edition of this Review.

**4. Austria—Austrian Supreme Court—  
To what extent may a logo trademark be used  
in commercial communications without permission?**

The decision of the Austrian Supreme Court in OGH 28.05.2019<sup>153</sup> considers the limits of lawful use of a third-party logo/pictorial mark in marketing communications without the prior consent of the trademark proprietor.

The plaintiff was the management company of an Austrian soccer club, owning the respective rights in the logo/pictorial trademark of the club in question. The defendant was a sports marketing agency, with its registered office in Liechtenstein, which owned, among others, the marketing and commercialization rights in respect of two other Austrian soccer clubs. Prior to fixtures to be played against the plaintiff's club, the defendant sent out various marketing communications in which the defendant offered its advertising and hospitality services for upcoming matches of the Austrian Soccer League (including LED strip advertising in the stadium, VIP tickets as well as a VIP-box). Recipients of that email included sponsors of the plaintiff.

The offending emails included not only the logos of the Austrian soccer clubs represented by the defendant, but also the logo/pictorial trademark of the club represented by the plaintiff. No prior permission or license had been sought or obtained for such use. Examples of such unauthorized use are set out below (with the unauthorized use in the red circle).



<sup>153</sup> OGH 28.05.2019, 4 Ob 77/19 f.

The image shows a promotional graphic for a football match. On the left, a player in a white and yellow jersey is celebrating. On the right, the text reads 'TIPICO BUNDESLIGA LEISTUNGEN & KUNDENKONDITIONEN'. Below this, two match-ups are shown: 'FC FLYERALARM ADMIRA vs. LASK' and 'SKN ST. PÖLTEN vs. LASK'. The logos for FC Flyeralarm Admira and SKN St. Pölten are circled in red. A list of services and prices follows:

- 4 LED-Minuten pro Spiel
- VIP Loge für 8 Personen vs. FC Flyeralarm Admira
- 6 VIP Karten vs. SKN St. Pölten

• <b>Gesamtpreis</b>	<b>€ 4.900,-*</b>
• <b>Einzelpreis vs. Admira</b>	<b>€ 3.000,-*</b>
• <b>Einzelpreis vs. St. Pölten</b>	<b>€ 2.500,-*</b>

\* Preis inkl. Admittanzsteuerung und -reinigung und zzgl. gesetzlicher Abgaben

www.tipico.at

The plaintiff claimed that the defendant's unauthorized use of the plaintiff's trademark amounted to trademark infringement and that such use unfairly exploited the goodwill in the trademark. The defendant argued that the principle of exhaustion allowed this type of use of the trademark. The plaintiff was successful at first instance. On appeal, that decision was substantively upheld, but the court narrowed the scope of injunctive relief.

On final appeal, the Austrian Supreme Court (OGH) held that the rights in a registered trademark do *not* entitle the proprietor to prohibit a third party from using the trademark for the purposes of identifying or referring to goods or services as those of the proprietor. In particular, use of a trademark cannot be prohibited where such use is necessary to indicate the intended purpose of (its own) goods or services, for example as accessories or spare parts, provided that such use is in accordance with honest practices in industrial and commercial matters.<sup>154</sup>

However, to rely upon the principle of the exhaustion of rights, the use of another's trademark is permitted only where this is *necessary* for the purpose of designating another product or service and must in any event at all times comply with such honest practices. As previously held by the Austrian Supreme Court in earlier decisions,<sup>155</sup> as an exception to trademark law, this principle must be interpreted in a narrow way. Accordingly, the use of a third-party trademark is required to demonstrate the intended purpose of the advertiser's own goods or services only if this use is *practically the only means to fulfil this purpose* (see in particular the CJEU

<sup>154</sup> CJEU in *Gillette*, Case C-228/03 para. 41; CJEU in *BMW*, Case C-63/97, para. 61.

<sup>155</sup> See, e.g., OGH 19.09.2011, 17 Ob 18/11k; OGH 17 Ob 2/11k.

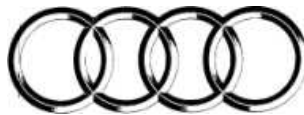
judgment in *Gillette*<sup>156</sup>). Further, such descriptive use of the third-party trademark must not lead to an unfair use of the trademark, examples of such unfairness being exploitation of or damage or dilution to reputation, exploitation of attention and or the false implication of a contractual relationship between the parties. On the other hand, to constitute an exploitation of reputation it will not be sufficient if the defendant actually benefits from the reputation and the distinctive character of the plaintiff's trademark, if and insofar as that benefit is derived from the necessary (and hence permitted) use of the trademark.

On the facts of the case at hand, the Austrian Supreme Court held that there had indeed been an unlawful exploitation of the reputation of the plaintiff's trademark. The defendant, as the marketing agency of two soccer clubs, had not merely identified the football matches at issue by reference to the plaintiff as the opposing team, but had also offered its own products in doing so, effectively using the third-party trademark to advertise its own services. In doing so, the defendant did not limit itself to merely naming the opposing team for the purposes of identification of the relevant fixture but had used the plaintiff's logo/pictorial trademark several times in its offer e-mail. Such use had an effect on the advertising function of the third-party trademark and went beyond what could be considered as a permitted use. The defendant had deliberately used the plaintiff's logo/pictorial trademark in order to benefit from the attention paid to the plaintiff's own offer of goods and services associated with its goods and services.

### 5. Germany—Federal Supreme Court— Use of a mounting device for a trademark

In its decision of March 7, 2019,<sup>157</sup> the German Federal Supreme Court held that a “mounting device” for a trademark that is placed on a spare part radiator grille can constitute trademark infringement because the trademark remained recognizable even before the actual trademark was affixed.

The plaintiff is an automobile manufacturer and owner of the trademark rights in the famous AUDI logo consisting of four interlocking rings.



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<sup>156</sup> CJEU in *Gillette*, Case C-228/03, para. 39.

<sup>157</sup> Case No. I ZR 61/18.

The trademark is registered, among others, for land vehicles and parts thereof.

The defendant sells automobile spare parts and offered for sale via the Internet replacement radiator grilles for AUDI cars.



(source: court decision)

The product itself provided for a mounting device for the AUDI logo as show below.



(source: court decision)

Audi sued for trademark infringement to prevent the sale of such products. The District Court held in favor of the plaintiff and awarded an injunction. The defendant's appeal was unsuccessful. The Court of Appeal of Dresden confirmed the first instance decision of the District Court of Leipzig. A further appeal to the Federal Supreme Court was also unsuccessful.

The Federal Supreme Court considered that the attachment of the mounting device for the logo to the radiator grille constituted a use of a sign that is similar to the plaintiff's device mark (consisting

of the four interlocking rings). The fact that the rings were not all overlapping, at least on the radiator grille as delivered, was not sufficient to negate a likelihood of confusion. The fact that the sign used by the defendant was just the supporting framework for the logo didn't help avoid infringement either. The plaintiff's logo could still be clearly recognized in the shape of the mounting device, and the public could be expected to perceive the mounting device as an indication of origin as well as a means to attach the logo to the grille.

The Federal Supreme Court also rejected the defendant's argument that the mounting device was "necessary" to indicate that the radiator grille was intended to serve as a spare part for AUDI automobiles, such that it would have a defense under Article 14(1)(c) of the 2017 EUTM Regulation.

According to Article 14(1)(c) of the 2017 EUTM Regulation:

an EU trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade 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 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.

The Court of Appeal had not expressly considered whether the public perceived the mounting device as an indication that the radiator grille was an AUDI spare part. The Federal Supreme Court assumed this to be the case. However, the Federal Supreme Court did not consider that this way of using the sign was *necessary* to indicate the character of the radiator grille as an AUDI spare part. It considered that the use is necessary for this purpose only if the character of the radiator grille as an AUDI spare part could not be indicated in another way. As there are other ways of indicating such compatibility, such as an indication on the sales description and other tags on the sales offer on the relevant website, or on the bill of lading, the use could not be protected by Article 14(1)(c) of the EUTMR.

The Federal Supreme Court acknowledged that there is an expectation that spare parts for a motor vehicle will have the same appearance as the original part, since otherwise they would not be suitable for their purpose. Since the public's expectation is that a spare part that is *not* manufactured by the trademark owner must nevertheless visually correspond to the original, a spare part such as a bonnet or a radiator grille to which the manufacturer typically fixed his trademark must provide a mounting device to affix the

manufacturer's trademark after installation of the spare part. However, in this case the defendant did not claim that the relevant mounting device was necessary to make the radiator grille look like a radiator grille manufactured by the plaintiff once the original brand emblem had been affixed to the spare part.

Finally, the Federal Supreme Court pointed out that the defendant could not rely on the spare part provision of Article 110 CDR (Council Regulation (EC) No. 6/2002 on Community designs), according to which

until such time as amendments to this Regulation enter into force on a proposal from the Commission on this subject, *protection as a Community design shall not exist* for a design which constitutes a component part of a complex product for the purpose of the repair of that complex product so as to restore its original appearance.

According to the Federal Supreme Court, the spare part manufacturer or the dealer who sells spare parts not originating from the manufacturer is not permitted under Article 110 CDR to manufacture spare parts *bearing a sign identical to the manufacturer's trademark*. This provision does not justify a derogation from the EUTMR. The restrictions of the exclusive right conferred by an EU trademark are governed exclusively by the EUTMR.

### **6. Germany—Federal Supreme Court— When does use of a term as a model or style name amount to trademark use and risk infringement?**

In two decisions of March 7, 2019,<sup>158</sup> and April 11, 2019,<sup>159</sup> relating to similar issues, the Federal Supreme Court considered whether the use of a name to describe individual garments or styles within a retailer's range (referred to in the decision as a "model" name but perhaps also described as a "style" name in English) would be an infringement of a similar or identical trademark.

It is increasingly common for retailers, particularly in the online retail environment, to use a model or style name to identify and distinguish individual product lines within an overall product portfolio. In the first decision, the plaintiff was the proprietor of the trademark SAM, registered for clothing. The defendant offered trousers under a range of model/style names, including SAM as the model name of trousers also bearing the trademark EUREX. This trademark was further distinguished by reference to an "umbrella" trademark, EUREX BY BRAX, as set out below.

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<sup>158</sup> Case No. I ZR 195/17 (SAM).

<sup>159</sup> Case No. I ZR 108/18 (MO).



18.01.17 25.03.2015

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**Modell: Sam**  
**Details: Regular Fit**  
gerader Beinverlauf

Lebenslang, komfortable Lebensdauer, nicht elastisch  
Looke: Mit kontrastbräunten  
**Verschluss:** Zip-Fly  
**Taschen:**  
Five-Pocket-Jeans  
Obermaterial: Denim-Stretch, 95% Baumwolle, 1% Elasthan  
**Farbe:** Blau

Maße: Bei Größe 50 Seitenlänge ca. 107 cm, Fußweite ca. 40 cm  
**Besonderheiten:** Five Pocket Schnitt  
Denim-Qualität mit optimalen Trageeigenschaften: hautsympathisch, pflegeleicht, strapazierfähig, bequem durch Stretchanteil  
Keimfahndung  
Rund mit sechs Schläufen für Gürtel bis ca. 4 cm Breite  
Stoppungen in Braun  
Sicherheits-Tasche mit Reißverschluss hinten rechts unter der Gesäßtasche  
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Westwind-W

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Hogman Suede

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zum Produkt

**OLYMP**  
Luxor modern  
H. Ka.

99,95 €  
zum Produkt

**LAGER ELD**  
Polo-Shirt

(source: court decision)

The model name “SAM” was neither placed in the title of the product presentation within the online shop nor was in visual emphasis but was visible only in an overview of the product details of the trousers with statements on “look,” “closure,” “pockets,” “upper material,” “color,” and “model.”

In the second decision, the plaintiff was the proprietor of a trademark MO registered for ladies outer clothing and trousers. The defendant offered trousers designated, among other things, as “Bench Damen Hose MO.”



(source: court decision)

The Court of Appeal of Frankfurt/Main held that in both cases, use of the model names “SAM” and “MO” was use as a trademark and therefore infringed the plaintiffs’ respective trademarks SAM and MO. Neither of the trademarks SAM and MO were by their nature descriptive of the product nor merely decorative. Both SAM and MO were capable of distinguishing between products from different manufacturers. In the Court’s view, that was the case even

where customers recognized that the model name also served internal purposes of the manufacturer, namely, to identify the trousers within the collection. The Court accepted that this rule would not apply where customers were unlikely to attribute the model/style name to a particular manufacturer because they knew that it was also used by several other manufacturers. This was not the case with SAM or MO, even though the general industry practice of using first names, surnames, artist's name, or abbreviations was well known.

The Federal Supreme Court overruled both decisions. In relation to the alleged infringement of the trademark MO, the fact that the element "MO" was part of the overall presentation "Bench Damen Hosen MO" (translated as "Bench ladies' trousers MO") was not of itself sufficient to prevent infringement. The separation of the marks BENCH and MO by the descriptive indication "Damen Hosen" ("ladies' trousers") presented these elements as two independent signs and "MO" was obviously identical to the plaintiff's trademark. However, in respect of both trademark cases the Court considered that the customer's perception as a trademark must be positively established and it was too vague to merely assume that customers would automatically assume the model names "SAM" or "MO" to be indications of origin distinguishing those garments from those from other manufacturers.

The Court gave some guidance as to how this might be considered in practice. First, the model name cannot be identical to a particularly well-known mark or one with a reputation where an association or exploitation with that trademark can be assumed (such as "501" jeans). Second, if not already well-known, customer perception may be influenced by industry practice. If the same model name is used by several manufacturers to differentiate within their collections and presented to consumers accordingly, it would not be possible for that model name to differentiate the products of one manufacturer from another. Thirdly, the position of the model name in the overall presentation can also be relevant. A model name is more likely to be interpreted as trademark use where the model name is used in direct connection with a manufacturer's name or umbrella trademark (and is therefore attributed to that manufacturer), is highlighted graphically, or appears in a place where trademarks are typically affixed (e.g., directly to the product or on sales labels). With these guidelines, the Federal Supreme Court referred the cases back to the Court of Appeal for further consideration and new decision, as well as providing valuable guidance for both retailers and trademark proprietors as to the nature of acceptable and unobjectionable use in this context.

Applying these guidelines of the Federal Supreme Court, the Court of Appeal held in a decision of October 1, 2019 (published in February 2020) that the model name "SAM" was not used as a

trademark in this case because it was not well-known and used only in a subordinate position.

**7. Spain—Appeal Court of Alicante (EUTM Tribunal)—The infringement of well-known marks does not require a likelihood of confusion.**

The decision of the EU Tribunal of the Appeal Court of Alicante in *KIDS* (judgment 556/2019 of April 30, 2019, Appeal No. 66/2019) considered the interaction between the relevant tests for confusion and marks with a reputation.<sup>160</sup>

The plaintiff was a Spanish company, KIDS & US ENGLISH S.L., owner of the EUTM KIDS & US, registered for education and training services (below, left). The plaintiff operated 377 language schools for children, educating around 115,000 students per year with an annual turnover of 70 million EUR, advertising expenditure of over a million EUR and having received many awards and recognitions for its operations.

The defendant, the company Kids & Teens S.L, domiciled in La Rioja (Spain), had opened several language schools for children under the name “Kids & Teens” and had registered Spanish Trademark No. 3110587 KIDS & TEEN fig. in class 41 (below, right).



The plaintiff issued trademark infringement proceedings and sought an invalidity action against the defendant’s trademark in the Commercial Court of Alicante, claiming both (i) a likelihood of confusion between the marks in respect of the provision of identical services and (ii) unfair advantage of the reputation of the trademark KIDS & US. The defendant argued that reputation had not been proven and that there was no likelihood of confusion between the marks because the common elements “KIDS” and “School of English” were descriptive terms that could not be monopolized by the plaintiff. The defendant maintained that the differences in the final element of the marks “TEENS” versus “US,” together with the different overall impression of the marks, was sufficient to negate any risk of confusion.

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<sup>160</sup> Judgment 556/2019 of April 30, 2019, the Appeal Court of Alicante (Appeal No. 66/2019).

The Commercial Court of Alicante upheld the complaint on October 10, 2018,<sup>161</sup> finding for the plaintiff on both grounds and ordering the cancellation of the mark KIDS & TEENS. The first instance decision was based on the finding of a likelihood of confusion (association) between the marks and for the later mark taking unfair advantage of the reputation of the earlier trademark KIDS & US.

The decision was appealed, the defendant once again denying the well-known character of the earlier trademark and arguing there was no likelihood of confusion between the marks due to their different overall impression and the lack of distinctiveness of the comment elements between the marks.

The Appeal Court of Alicante upheld<sup>162</sup> the decision of the first instance court, but only on the basis of unfair advantage of the reputation of the earlier marks. The Appeal Court of Alicante emphasized that infringement/invalidity arising from unfair advantage of a mark with a reputation was an *independent* ground to a finding of a likelihood of confusion. The plaintiff needed only to prove similarity in the marks to the extent that consumers might establish a link between them and a corresponding advantage to the defendant.

The Court agreed that the common element KIDS was not distinctive, and that the overall impression of the marks was quite different so as to avoid a likelihood of confusion. However, after regarding the earlier trademarks as well-known, it concluded that the similar structure of both marks (the term KIDS + & + another English term) was sufficient to create the link required.

The Alicante Appeal Court applied the findings of the CJEU *Adidas/Fitnessworld*<sup>163</sup> where the Court stated that “The protection conferred by Article 5(2) of Directive 89/104 is not conditional on a finding of a degree of similarity between the mark with a reputation and the sign such that there exists a likelihood of confusion between them on the part of the relevant section of the public. It is sufficient for the degree of similarity between the mark with a reputation and the sign to have the effect that the relevant section of the public establishes a link between the sign and the mark.” Although in some respects it might be argued that there is a fine line between the concepts of “likelihood of association” (included in the broader concept of likelihood of confusion) and “similarity between the marks to have the effect that the relevant section of the public establishes a link,” it is generally accepted that the link required for a mark with a reputation is a somewhat lower threshold to meet,

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<sup>161</sup> Judgment 196/18 of October 10, 2018.

<sup>162</sup> Judgment 556/2019 of April 30, 2019.

<sup>163</sup> Case C-408/01.

provided the consequences of such link are likely to result in the harm complained of.

**8. UK—High Court—Did the use of a similar mark to a registered trademark take unfair advantage of an earlier trademark with a reputation?**

*Claridge's Hotel Ltd. v. Claridge Candles Limited & Anor*<sup>164</sup> concerned the well-known hotel Claridge's and its UK trademarks for the mark CLARIDGE'S, registered for various goods and services in classes 3, 5, 16, 35, 43, and 44. In January 2018, the defendants filed an application for "CLARIDGE" for various goods in class 3 and 4 and for use in respect of the sale of "CLARIDGE"-branded candles and other goods, as reproduced below:



In October 2018, Claridge's brought a claim for trademark infringement (under Sections 10(2) and 10(3) of the UK Trade Mark Act 1994 (the "Act")) and the common law tort of passing off. The defendants counterclaimed for revocation of both of the hotel's marks for non-use. This counterclaim prompted Claridge's to voluntarily surrender one of its trademarks in its entirety and partially surrender the other in respect of some goods and services. Claridge's also opposed the application and the UKIPO opposition was stayed pending the result of this case.

The High Court turned first to the issue of reputation to establish whether the mark was entitled to the extended form of protection. Claridge's, in relying on those parts of its remaining registration relating to retail, hotel, and beauty services provided substantial evidence (including press coverage, marketing expenditure, and turnover figures of £50 million per annum), successfully persuading the Court of the mark's substantial

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<sup>164</sup> [2019] EWHC 2003 (IPEC).

reputation. While the defendants did not dispute the evidence in respect of hotel services in class 43, they argued that (i) the class 44 beauty treatments and spa services were not offered under the CLARIDGE'S mark at all, and could not therefore have gained such a reputation and (ii) the class 35 retail services related to its sale of various branded items that were sold at the hotel and via an online gift shop and did not amount to genuine use. Rejecting the defendants' arguments, the Court held that the mark CLARIDGE'S is known by a significant part of the public concerned with the products or services covered by the trademark and in particular, has an image of "luxury, glamour, elegance and exclusivity" due to the plaintiff's use.

In considering whether the defendants' acts in relation to their CLARIDGE sign constituted infringement pursuant to Section 10(3) of the Act, the Court referred to the case of *Argos Limited v. Argos Systems Inc.*,<sup>165</sup> where the Court of Appeal had reiterated that it is sufficient to show a change in economic behavior of customers for the defendant's goods or services to show that the use of a sign is taking unfair advantage.

In considering whether there might be a link between the defendants' sign and CLARIDGE'S in the mind of the average consumer, the Court carried out a global assessment. The Court noted that the mark and sign are visually and aurally almost identical and agreed with the plaintiff that there was a high degree of conceptual similarity. The Court also observed that while the parties' goods and services are different, they are both "premium offerings" and may therefore appeal to a similar part of the public. Furthermore, the mark CLARIDGE'S is inherently distinctive and had acquired a high degree of distinctive character by virtue of its long and well-publicized use. The Court therefore concluded that the defendants' use of the CLARIDGE sign did not only take advantage of the repute of the CLARIDGE'S mark but also of its reputation for "luxury, glamour, elegance and exclusivity," the effect being to enable the defendants to sell more of their products and at a higher price. Given the Court's finding of unfair advantage, an assessment of tarnishing/dilution was not required, and the conclusion applied to all of the defendants' products, both those they have already sold and those they intended to sell.

As part of its claim, Claridge's had also submitted that the company director (the second defendant) was personally liable for the company's acts of infringement. In considering the evidence, including evidence that the company director was the only employee of the company, the Court agreed that it was indeed the company

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<sup>165</sup> [2018] EWCA Civ. For commentary on the case, see Tom Scourfield, *Annual Review of EU Trademark Law: 2018 in Review*, 109 TMR 552-553 (2019).

director who had “actually offered CLARDIGE-branded candles to the public” and was therefore liable.

It followed that in its assessment of passing off, the Court confirmed that the defendants’ use of CLARIDGE on its products is likely to lead the public to believe the goods offered by the defendants are the goods of Claridge’s or that there is some trade connection or association between the two parties.<sup>166</sup> Claridge’s therefore also succeeded in its passing off claim.

In determining the counterclaim for revocation, the Court reiterated that “genuine use” was use that creates or preserves a market for the goods or services that bear the mark.<sup>167</sup> The Court rejected Claridge’s argument that there was a difference between (a) goods and services that were offered on a purely promotional or ancillary basis and (b) goods or services that were offered in association with other services but that were promoted in their own right and that constituted a factor in the decision of consumers to choose the associated service. Taking into account the defendants’ additional arguments on the facts (including evidence of non-use), the defendants’ counterclaim for revocation in relation to certain goods and services in classes 3, 5, 16, 35, 43, and 44 succeeded. This had the effect of revoking all aspects of the mark that the proprietor had relied upon to demonstrate similarity of goods according to Section 10(2) of the Act.

Despite the differences between the goods and services offered by the parties, Claridge’s claim demonstrated the purpose behind extended protection for marks with a reputation (Section 10(3) of the Act); to protect trademark owners with extensive brand reputation from third parties using its brand on dissimilar goods in a way that takes unfair advantage of that reputation. However, in the process, Claridge’s was forced to surrender one of its trademark registrations in its entirety and saw the specification of another of its trademark registrations cut down significantly.

**9. UK—High Court—Is a mark consisting of two separate elements one “combined sign” or two separate signs for the purposes of infringement proceedings?**

*Bentley 1962 Ltd. & Anor v. Bentley Motors Ltd.*<sup>168</sup> concerned the well-known luxury car manufacturer Bentley Motors and its use of a sign featuring the “B-in-wings” device and the word “BENTLEY” (the “Combination Sign”), for clothing and headgear. The plaintiffs (known collectively as “Bentley Clothing”) are a small family-run

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<sup>166</sup> Reckitt & Colman Products Ltd. v. Borden Inc., [1990] RPC 341.

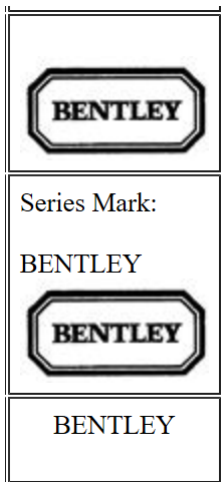
<sup>167</sup> The London Taxi Corporation v. Frazer-Nash Research, [2016] EWHC 52.

<sup>168</sup> [2019] EWHC 2925 (Ch).



company that sells clothing under the brand “Bentley” and are the owners of three UK-registered trademarks, including for the word mark BENTLEY for “clothing and headgear” in class 25.

Since 2015, the parties have been involved in proceedings before the UK and EU Intellectual Property Offices over the ownership of the mark BENTLEY. The present case relates to the plaintiffs’ action for trademark infringement in the English High Court against Bentley Motors’ use of the Combination Sign. The relevant marks are reproduced below:



Bentley Clothing’s UK  
trademarks



Bentley Motors’ Combination Sign

A key question for the High Court was whether the Combination Sign consisted of two signs used together (i.e., the “B-in-wings” logo and the BENTLEY sign) or just one single sign. This question was important for determining whether the Court’s analysis would be based on Section 10(1) of the Trade Marks Act 1994 (“Act”) (for use of identical signs for identical goods) equivalent to Article 10(2)(a) of the 2015 TM Directive or Section 10(2) of the Act (for use of a similar sign for identical goods equivalent to Article 10(2)(b) of the 2015 TM Directive. Bentley Clothing argued that the Combination Sign consisted of two distinct signs used together and was therefore an infringement under Section 10(1) of the Act. Bentley Motors disagreed. The distinction can be of significant importance in litigation, since double identity under Article 10(2)(a) of the 2015 TM Directive does not require any likelihood of confusion to amount to infringement.

In considering the evidence, the Court observed that the distinction between the Combination Sign being one or two signs was not expressly considered by Bentley Motors until 2014 (at which

point Bentley Motors had amended their company brand guidelines to provide that the Combination Sign be used together “from now on”). In particular, the Court noted that the company had used BENTLEY and the “B-in-wings” logo separately for several years: a swing tag attached to clothing marketed by Bentley Motors in or around 2006 read “Bentley’ and the ‘B-in-wings’ device are registered trademarks”; licenses provided by Bentley Motors permitted licensees to use both the word “BENTLEY” and the “B-in-wings” device together or separately on clothing; and the 2006 Bentley Motors brand guidelines that identified logos used by the brand, presented the “B-in-wings” device without the word “BENTLEY” below it. According to the Court, the evidence suggested that Bentley Motors’ own perception was that the Combination Sign featured two distinct signs (as well as a false claim of ownership of BENTLEY as a UK trademark for clothing).

The Court turned to the perception of the average consumer. The Court confirmed that given the BENTLEY and “B-in-wings” signs had been used separately for a long period of time, the average consumer would likely have taken them to be distinct signs. In particular, the Court noted that while Bentley Motors’ licensees would have known that the Combination Sign was to be treated as one sign, the average consumer would not have been aware of the company’s new intentions. Specifically, both the average consumer in the early 2000s and those after 2014 would be familiar with both the “B-in-wings” logo and the BENTLEY mark as individual trademarks, not to mention that the BENTLEY logo continues to be used extensively by itself. The Court confirmed that while BENTLEY may no longer be used in the case of clothing and headgear, the average consumer would not be observant enough to notice this. There had therefore been an infringement under Section 10(1) of the Act based on the use of the identical mark BENTLEY.

Addressing the position under Section 10(2) of the Act, the Court agreed with Bentley Clothing that even if the Combination Sign was seen to be a single sign by the average consumer, its use would still infringe Bentley Clothing’s trademarks under Section 10(2) of the Act. The Court observed that the dominant elements of both the Combination Sign and the BENTLEY mark was the word “BENTLEY.” Moreover, the widespread reputation of the “B-in-wings” device in relation to Bentley cars meant that the majority of the people in the UK would make the connection to Bentley Motors. The Court therefore concluded that there was a strong likelihood of confusion between the relevant marks, notwithstanding a lack of actual evidence of such. The Court also noted that this finding was reinforced by the manner in which the Combination Sign would be referenced orally by the average consumer.

Bentley Motors raised two defenses against a finding of infringement. The first related to the transitional provisions of the

Act, which allows for continued use of a sign that was lawful under the preceding Trade Marks Act 1938, but which was no longer lawful under the Act. The second considered the defense of honest concurrent use. In considering Bentley Motors' first defense, the Court observed that the company had, prior to the Act, sold jackets, silk ties, caps, and scarves under the "BENTLEY SELECTION." At that time, the only trademark that Bentley Clothing had registered covered "knitted clothing, shirts and waistcoats." It was therefore accepted that Bentley Motors had a continuing right to sell garments of that kind. However, the Court indicated that the defense did not allow for parties to continue to trade as they had prior to the Act and yet also branch into new uses of signs that had since become the exclusive rights of trademark proprietors (e.g., garments of clothing falling outside of jackets, silk ties, caps, and scarves). The Court therefore dismissed Bentley Motors' first defense as it did not consider that the Act allowed parties to start selling different types of clothing and headgear under the BENTLEY sign.

Bentley Motors' second defense related to honest concurrent use under Section 7 of the Act. The company argued that there had been concurrent use of BENTLEY as a trademark by both parties for more than twelve years without leading to any confusion. The Court, on considering the approach taken in the case of *Victoria Plum Ltd. v. Victorian Plumbing*,<sup>169</sup> noted that it is possible for two separate entities to co-exist and for confusion to be tolerated in the market. However, the Court explained that this is on the basis that the defendant does not take steps to exacerbate the level of confusion beyond that which is inevitable and/or encroach on the plaintiff's goodwill. In this case, the Court concluded that Bentley Motors' "conscious decision to develop the use of BENTLEY in relation to Bentley Motors' range of clothing and headgear such as to increase the prominence of that sign, but only in incremental stages in the hope that no one stage would provoke a reaction from Bentley Clothing" was not consistent with honest behavior. In particular, it had become clear from Bentley Motors' actions that it intended to increase the prominence of the BENTLEY sign so as to encroach on Bentley Clothing's goodwill. The Court also noted that the little or no confusion between the parties was a result of their modest level of trading for clothing and headgear and did not have a bearing on Bentley Motors' honest practices. Bentley Motors was therefore also unsuccessful with this line of defense.

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<sup>169</sup> [2016] EWHC (Ch).

**10. Benelux—District Court of Luxembourg  
(Luxembourg)—Infringement—Validity—  
Coexistence between national and EU trademarks**

In *Skylink*,<sup>170</sup> the District Court of Luxembourg heard an infringement claim brought by the British company Sky PLC and its Swiss subsidiary Sky International AG (“Sky”), which had registered and used the trademark SKY for a variety of domain names and commercial names in respect of the provision of telecommunications, entertainment, and satellite pay-tv services. The action was brought by Sky against two Luxembourg companies, X. Group SA, and its subsidiary, X2. Link SA (“X”), on the ground that their use of “SKYLINK” in the Czech Republic and Slovakia for satellite-related services was infringing at least two of the SKY European trademarks (the “SKY Trademarks”<sup>171</sup>). X had also applied for national trademarks in the Czech Republic and Slovakia (the “SKYLINK Trademarks”).

To defend itself against the infringement action brought by Sky, X claimed the SKY Trademarks were invalid. As part of such counterclaim and on the basis of Article 128 (4) of the 2017 EUTM Regulation, the Court noted, in its first decision dated February 9, 2018, that it had not been informed by the parties of the date on which the EUIPO was made aware of the invalidity counterclaim. The Court decided that, before going into any further details as to the merits of SKY’s infringement action, X had to indicate to the tribunal whether X had informed the EUIPO of the invalidity proceedings, or if it was requesting the Court to do so. A hearing in relation to the jurisdiction issues took place on February 9, 2018, with this substantive decision on the merits being rendered in July 2019.

The Court first considered the counterclaim of X according to which the SKY Trademarks should be invalidated for lacking distinctiveness in respect of satellite television services (in class 38). The Court noted that the applications for invalidity had now been notified to the EUIPO. The arguments of X that the SKY mark should be invalidated for lack of distinctive character failed. A trademark can be invalidated only if it is wholly descriptive of a characteristic of the products and/or services concerned (i.e., if the trademark is composed exclusively of signs designating the kind, quality, quantity, destination, geographical origin, or time of production of the goods and/or services). In that respect, the Court considered that, even if weakly distinctive (according to X), the SKY Trademarks are not descriptive of satellite television services, as the essential characteristic of a satellite is gravity and the term

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<sup>170</sup> District Court of Luxembourg, February 9, 2018, and July 5, 2019, no.162.816.

<sup>171</sup> EU trademarks for SKY no. 006870992 and no. 004274288.

“SKY” does not refer to such characteristic but to the part of the atmosphere and the space seen from earth.

In relation to the infringement claim of SKY versus SKYLINK, X argued that the use of a valid national trademark could not amount to an infringement of a European trademark. In that respect the court reiterated that it already ruled in its (related) decision of February 9, 2019, that the principle of coexistence between European and national trademarks does not mean that a national trademark cannot be subject to an infringement action.

That being said, an infringement action brought on the basis of Article 9(2)(b) of the 2017 EUTM Regulation required four conditions to be met:

- (i) an identity or similarity between the trademark and the sign;
- (ii) an identity or similarity between the goods and services;
- (iii) a risk of confusion; and
- (iv) a use of the sign in respect of trade.

The Court noted that the second condition listed above, similarity of goods/services, and the fourth condition listed above, trademark use, were not challenged by the parties.

In determining infringement arising from a likelihood of confusion and an impact on the essential function, the Court first identified the relevant public for assessment. Sky argued such public should comprise the whole EU, while X argued that it should be limited to Czech Republic and Slovakia, where the national SKYLINK Trademarks were registered.

As established in *DHL*,<sup>172</sup> in accordance with the unitary character of an EUTM, the EU trademark must receive the same protection throughout the whole territory of the EU and carries with it the prohibition to carry out infringing acts. However, the territorial scope of the prohibition can be limited when use of an attacked sign in a specific territory is not capable of infringing the functions of that trademark. The Court then concluded that, if in the only Member States where SKYLINK is used there is no risk of confusion, then the essential function of the trademark is not undermined and the relevant public must be territorially limited to the countries where the use of the sign at issue is proved, without taking into consideration the whole territory (EU) of the earlier marks. The Luxembourg Court considered this to be the case even though *DHL* was arguably only an exclusion of those territories from the imposition of an injunction, rather than a finding of non-infringement.

On the facts of *Skylink*, based on the evidence provided by the parties (such as surveys) and as the SKYLINK Trademarks were

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<sup>172</sup> Case C-235/09 (*DHL*) (CJEU, April 12, 2011).

used in Czech Republic and Slovakia and the content of the related websites only provided in the national languages of those two countries, the Court considered that the alleged infringement of the Sky Trademarks only had to be analyzed with respect to Czech Republic and Slovakia. The Court further decided that the relevant public to be considered was both the general public and (more informed) professionals. Nevertheless, the risk of confusion should be analyzed with respect to the group having the lowest degree of attention, being the general public.<sup>173</sup>

Turning then to the risk of confusion for the general public between the SKY Trademarks and the SKYLINK Trademarks, the Court considered that the SKY Trademarks and the SKYLINK Trademarks are visually and phonetically similar. With respect to the conceptual similarity, the Court noted that it should be determined how the term “SKYLINK” was perceived by the relevant public (in the Court’s view that being the Czech and Slovakian consumer) and whether the sign was perceived as one single term (i.e., “SKYLINK”) or as two terms (i.e., “SKY” and “LINK”).

For Czech Republic, based on the final decision of the Czech administrative Supreme Court and the factual information provided by the parties (including surveys), the Court noted that the term “SKYLINK” should be perceived as one single term as the verbal element “SKY” is not dominant over the verbal element “LINK” and as it cannot be excluded that the consumer does not hear the second syllable. In that respect, the Court considered that Sky did not bring sufficient evidence to support a risk of confusion in Czech Republic between the SKY and the SKYLINK Trademarks (although some commentators have questioned whether this was the correct test to apply in any event).

For Slovakia, the Court first noted that the decisions of the Slovak Intellectual Property Office, which invalidated the SKYLINK Trademarks, are not final and did not analyze the risk of confusion. Therefore, as (i) the decisions of the Slovak Intellectual Property Office are not final, as (ii) the burden of proof of the risk of confusion lies on the plaintiff (i.e., Sky) and as (iii) the decisions of the Slovak Intellectual Property Office and the Czech Administrative Supreme Court are divergent, the Court concluded that the risk of confusion between the SKY and the SKYLINK trademarks was not established by the plaintiff.

Finally, the Court considered the claim based on Article 9(2)(c) of the 2017 EUTM Regulation according to which the SKY Trademarks would be trademarks with a reputation. To qualify for extended protection, that trademark must have attained a certain degree of knowledge among the public and be known to a significant

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<sup>173</sup> Guidelines for examination of European Union Trademarks, Part C, Section 2, Chapter 3, p. 6; ECG, Case T-220/09 (GC, July 15, 2011).

part of the public concerned by the goods covered by the trademark. From a territorial perspective, the condition relating to the reputation is considered to be fulfilled when the trademark enjoys a reputation in a substantial part of the EU, such part being able to correspond namely to the territory of a single Member State.

Based on the factual elements provided by Sky, the court noted that the SKY Trademarks are trademarks with a reputation as they are widely known in various Member States such as the UK, Ireland, Germany, Italy, or Luxembourg. A trademark with a reputation may prevent the use without due cause of a subsequent trademark, which would be taking unfair advantage of the distinctiveness or renown of the trademark with a reputation. The infringement of a trademark with a reputation is the consequence of a certain degree of similarity between such trademark and the later trademark as well as other factors such as the similarity of the goods and services, the public concerned, the intensity of the reputation or the degree of distinctiveness.

Even if the earlier trademark is not known to a significant part of the relevant public in a Member State in which registration of a later national trademark has been applied for, it cannot be excluded that a commercially significant part of such Member State is aware of that renowned trademark and establishes a link between that renowned trademark and the national trademark. The existence of such link has to be assessed globally, taking into account all the relevant factors.

In the case at hand, the Court had to determine if a significant part of the relevant public in Czech Republic and Slovakia are aware of the SKY Trademarks and their reputation. Even if Sky was able to produce before the Court data regarding the number of views of the website [www.skysports.com](http://www.skysports.com) in Czech Republic and Slovakia, the Court noted that Sky does not directly offer satellite television services in Czech Republic or Slovakia, which does not fulfill the requirement that the trademark with a reputation is commercially exploited on the territory of the Member State where the national trademark is registered.

In the alleged absence of commercial exploitation of the SKY Trademarks in Czech Republic and Slovakia, the SKY trademarks could be considered as renowned because of the accessibility of the “sky sport” and “sky news” websites in Czech Republic and Slovakia. However, Sky did not submit any surveys proving knowledge of the SKY Trademarks for satellite television services by a commercially non-negligible part of the relevant public in Czech Republic and Slovakia. On this basis, the Court rejected Sky’s claim based on Article 9(2)(c) of the 2017 EUTM Regulation.

### 11. Belgium—Brussels Enterprise Court— Can Amazon be held liable for the presence of counterfeit goods on its platforms?

In its decision of August 7, 2019,<sup>174</sup> the Brussels Enterprise Court considered that the well-known online retailer Amazon could be held liable in trademark law for the sale of counterfeit goods on its platform.

The French shoe designer Christian Louboutin had identified that many counterfeit high heels bearing a (famous) red sole were offered for sale on the amazon.fr and amazon.de websites. On Louboutin's behalf, a Brussels-based bailiff reported both test sales made in Belgium and the targeting of offers for sale of such products to consumers within Belgium. Louboutin sued the Luxembourg-based Amazon companies that were responsible for operating the amazon.fr and amazon.de websites and for arranging the deliveries to consumers in Belgium. Louboutin claimed infringement of Benelux Trademark No. 874489, as reproduced below.



Amazon argued that it was merely the host platform and that it had a defense as a mere host, which could not be held liable for infringing goods on its online platforms. The Brussels Court rejected that defense and ruled in favor of Louboutin. The Court considered that Amazon was not a “mere host” in such circumstances. The Court considered that Amazon had placed the products on dedicated fashion pages called “Amazon Fashion” or “Amazon Business” and by advertising such products with language such as “our goods,” “our service,” “our delivery of goods,” “our best offer,” “our selection of the best goods,” etc., it had gone beyond merely offering a sales platform. In such circumstances, Amazon had created a shopping environment and customer experience where the end clients believed that it was indeed Amazon that was responsible for the promotion and the sale of the goods. Playing such an active role in the presentation and promotion of such goods, Amazon was liable for trademark infringement.

Amazon also argued that it would be effectively impossible to comply with an injunction due to the sheer scale of their activities.

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<sup>174</sup> A/2019/918.



The Brussels Court rejected this allegation outright. Any illegal or infringing activities must be stopped, even more so if they are at significant scale. The Court ordered a Benelux wide injunction against Amazon to stop selling and promoting goods that infringe Louboutin's Benelux trademark registration.

## 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. Article 14 of the 2017 EUTM Regulation (together with Article 6 of the 2008 TM Directive, now Article 14 of the 2015 TM Directive) sets out certain 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. Such defenses are not absolute, but apply only where such use is in accordance with “honest practices” in the relevant context.

The closely related subject of the use of a third-party trademark in comparative advertising has been a familiar battle ground between leading brands and their competitors in the EU. Note that infringement by comparative advertising is now expressly called out as an act of infringement in the “new” legislation if such use is contrary to the Comparative Advertising Directive (Directive 2006/114/EC) (see now Article 10 of the 2015 TM Directive and Article 9(3)(f) of the 2017 EUTM Regulation). In this Part VII, the Irish Supreme Court considered the interaction between trademark infringement and a defense under the Comparative Advertising Directive in the culmination of years of litigation in the *Aldi v. Dunnes Stores* case, underlining the policy basis for comparative advertising and in doing so the intersection in this regard between competition (antitrust) law and trademark law.

This interaction between competition and trademark law also forms the basis for the remainder of cases considered in this Part VII. This year featured cases before EU national courts that considered whether a trademark proprietor's rights that that ordinarily be “exhausted” from a first (legitimate) sale in the EU might still be exercisable in circumstances such as the use of a third-party trademark on a retailer's packaging, potential damage to the aura of luxury goods from the mode of presentation or sale environment and whether online sales might similarly affect the prestige and image of “luxury” goods.

### ***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.

(Note: In the new EUTM, the “own name” defense, now contained in Article 14(1)(a), has been confined to natural persons—having previously had no such limitation. The defense for signs or indications that are “not distinctive” is also new, and the wording now contained in Article 14(1)(c) has been broadened.)

#### **Article 15 of the 2017 EUTM Regulation**

1. An EU 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 6 of the 2008 TM Directive**

1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:
  - (a) his own name or address;

- (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;
- (c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;

provided he uses them in accordance with honest practices in industrial or commercial matters.

2. The 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 recognized by the laws of the Member State in question and within the limits of the territory in which it is recognized.

#### **Article 7 of the 2008 TM Directive**

1. The 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. 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 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. Austria—Austrian Supreme Court— Does exhaustion prevent a trademark owner from objecting to the use of their trademarks on a retailer's packaging?**

The decision of the Austrian Supreme Court in OGH<sup>175</sup> bears a close resemblance to the June 28, 2018, decision of the Federal Supreme Court of Germany in *Beauty for Less*, reported in last year's Review.<sup>176</sup> As in Germany, the Supreme Court of Austria held that exhaustion of trademark rights prevented a trademark proprietor (or its licensee) from objecting to the use of trademarks on shipping cartons used by an online retailer to despatch goods to its customers.

The plaintiff is the manufacturer and distributor of a range of branded perfume products, which it markets on the basis of license agreements including, among others, a license of the Austrian word mark BOSS and the EUTMs BOSS and JOOP! in respect of

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<sup>175</sup> OGH 22.08.2019, 4 Ob 127/19 h.

<sup>176</sup> Case No. I ZR 221/16 (*Beauty for Less*) (Federal Supreme Court, June 28, 2018). For commentary on this case, see Tom Scourfield, *Annual Review of EU Trademark Law: 2018 in Review*, 109 TMR 441, 573 (2019).

perfumes, aftershave, and other fragrance products. The defendant operated an online shop for perfume and cosmetic products and had, until July 2018, offered genuine BOSS and JOOP! products to consumers among the store inventory. The trademarks BOSS and JOOP! were placed on the shipping cartons of the retailer alongside other brand names, and the advertising slogan “BEAUTY FOR LESS” and the discount label “easyCOSMETIC.”



It was accepted that some of the goods delivered to purchasers in these containers contained BOSS- and JOOP!-branded goods, but that many did not.

The plaintiff sought to prevent the defendant’s use of such packaging, and in particular was concerned that licensed trademarks were being reproduced alongside other third-party trademarks and accompanied by the slogan “BEAUTY FOR LESS” or the designation “easyCOSMETIC.” The plaintiff argued that the principle of exhaustion did not prevent the trademark proprietor (or its licensee) objecting to this type of activity because use of the trademarks in question adversely affected its legitimate interests by being used in a manner that was not in keeping with the image of the trademarks as luxury brands. The defendant’s business practice also falsely suggested a business relationship between the parties and was not in accordance with honest practices in trade and commerce.

The defendant argued that it had sold only original, unaltered goods. The advertising on the boxes referred to goods offered in its online shop, including products bearing the trademarks in question. Such advertisements were permitted on packaging and were necessary because customers often place further orders even after receiving ordered goods. The proximity of the licensed trademarks to the terms “BEAUTY FOR LESS” and “easyCOSMETIC” was not detrimental to the plaintiffs’ trademarks and the mere mention of a

number of brands on the shipping carton was not sufficient for customers to assume a business relationship.

The plaintiffs were successful at first instance. This finding was overturned on (first) appeal, with the Court ruling that the defendant's product-related advertising on the shipping carton was a lawful use of the trademarks and did not infringe any legitimate interest of the plaintiff.

On further appeal, this approach was confirmed by the Austrian Supreme Court, in an assessment similar to the approach of the Federal Supreme Court of Germany in *Beauty for Less*. The Austrian Supreme Court confirmed that the exhaustion of trademark rights prevented the proprietor from seeking to prohibit the further commercialization by third parties of the original unaltered product where specific goods bearing the trademark have been put on the market in the EEA by him or with his consent.

As previously confirmed by the CJEU,<sup>177</sup> further commercialization can include the right to use a third-party trademark for advertising purposes. A reseller who sells goods under a third-party trademark cannot explain this fact to his customers without using the trademark in question. In the view of the Austrian Supreme Court, the Court of Second Instance reasonably concluded that the presence of a large number of trademarks of different manufacturers used on a retailer's shipping carton was not misleading. In addition, a reseller using advertising practices customary in that sector of trade who habitually markets articles of the same *kind* (even though not necessarily all of the same *quality*) does not constitute trademark infringement. That remained the case even where the owner of the trademarks would not itself use such modes of advertising. Trademark infringement will only arise where it can be demonstrated that the actual use of the trademark in the reseller's advertising is seriously detrimental to the reputation of the trademark in the specific case (consistent with the CJEU in *Parfums Christian Dior*<sup>178</sup>).

## **2. Ireland—Irish Supreme Court—What is the limit of the comparative advertising defense to trademark infringement?**

The decision of the Supreme Court of Ireland in *Aldi v. Dunnes Stores*<sup>179</sup> concludes the long-running litigation between two well-known supermarket operators. The case concerned the proper test for comparative advertising in respect of the Irish implementation

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<sup>177</sup> CJEU in *Dior*, Case C-337/95 para. 36; ECJ in *BMW*, Case C-63/97 para. 48.

<sup>178</sup> CJEU in *Dior*, Case C-337/95, para. 47.

<sup>179</sup> *Aldi Stores (Ireland) Limited and Aldi GmbH & Co KG and Dunnes Stores*, [2019] IESC 41, Supreme Court, decision by O'Donnell J.

of the EU Misleading and Comparative Advertising Directive 2006/114/EC (the “CAD”) and of Directive 2005/29/EC (the “Unfair Commercial Practices Directive”).

Both parties to the legal dispute are leading supermarket chains in Ireland. In or around June 2013 Aldi became aware that Dunnes Stores had launched a price comparison campaign concerning various household products offered for sale in both stores. However, Aldi’s reputation is as a “discounter” stocking a more limited range of around 1,350 products, whereas Dunnes (as a more full-service offering) stocked approximately 18,000 products. Aldi claimed that the nationwide campaign, which included point of sale advertising, failed to comply with comparative advertising legislation and infringed its trademarks. The matter was commenced in the Irish Commercial High Court on June 9, 2015. The High Court decision was subsequently reversed in a judgment of the Court of Appeal delivered on April 6, 2017.

The promotions that were subject of the proceedings were the following:

1. Shelf-edge labels/specific comparative labels (“SCLs”) in which Dunnes drew comparisons with Aldi products and included the term “Aldi match”;
2. Banners and “toblerones” (banners in a free-standing display) including the slogans “lower price guarantee” and “guaranteed lower prices on all your family essentials every week”; and
3. Shelf-edge labels (“SELs”), which included the slogans “lower price guarantee” and “always better value” plus “Aldi match.”

### *Legal framework in Ireland*

The CAD was implemented into Irish law by the European Communities (Misleading and Comparative Advertising) Regulations 2007 (the “2007 Regulation”). The Unfair Commercial Practices Directive was implemented into Irish law by the Consumer Protection Act 2007 (the “2007 Act”). Article 4(a) of the CAD provides that comparative advertising is permitted as long as it is not misleading within the meaning of Article 2(b), 3 and 8(1) of the CAD or Articles 6 and 7 of the Unfair Commercial Practices Directive. The equivalent provision in the 2007 Regulation is Regulation 4(2):

A comparative marketing communication is prohibited if, as regards the comparison—

- (a) it is misleading under Regulation 3,

- (b) it is a misleading commercial practice under any of sections 43 to 46 of the Consumer Protection Act 2007 (No. 19 of 2007),
- (c) it does not compare products meeting the same needs or intended for the same purpose,
- (d) it does not objectively compare one or more material, relevant, verifiable, and representative features of those products, which may include price,
- (e) it discredits or denigrates the trade marks, trade names, other distinguishing marks, products, activities, or circumstances of a competitor,
- (f) for products with designation of origin, it does not relate in each case to products with the same designation,
- (g) it takes unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products,
- (h) it presents goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name, or
  - (i) it creates confusion among traders—
  - (ii) between the trader who made the comparative marketing communication and a competitor or,
  - (iii) between the trade marks, trade names, other distinguishing marks, goods or services of the trader who made the comparative marketing communication and those of a competitor.

The Supreme Court noted that much of the difficulty in the present case arose from the lack of a specific definition of misleading comparative advertising for the purposes of Article 4 of the 2006 Directive. This is particularly problematic where the issue complained of is not that the advertising is misleading *in general terms* under both Directives, but that the advertising is misleading *by the fact of the comparison that is made*.

The second issue identified by the Supreme Court lies in the separate definitions of misleading advertising referred to in Article 4(a) of the CAD and Articles 6 and 7 of the Unfair Commercial Practices Directive.

Articles 6 and 7 of the Unfair Commercial Practices Directive are implemented into Irish law by Section 43 of the 2007 Act, which deals with the provision of false, misleading, or deceptive information, and Section 46 of the 2007 Act, which deals with withholding, omission, or concealment of material information. The Court observed that the 2007 Act is drafted to prevent misleading commercial practices in the context of providing or withholding



misleading information and not merely misleading advertising in the context of comparative advertising.

Section 14(6) of the Irish Trade Mark Act 1996 permits use of a trademark provided that the use is in accordance with honest commercial practices and does not take unfair advantage of or is not detrimental to the reputation of the mark. It was clear that if the advertisements in the current case were examples of impermissible comparative advertising, then there would be an infringement of Aldi's trademarks.

### *The High Court's decision*

In June 2015, Cregan J delivered a 141-page judgment<sup>180</sup> in the High Court that dealt in great detail with an analysis of the products promoted in the SCLs. The judge accepted the evidence adduced by Aldi's expert in comparative labelling, which compared five key criteria of quantity, provenance, nature, substance, and quality. By way of example, he found that there was a significant difference between the turkey mince offered by both retailers, as Aldi's turkey breast mince was endorsed by the Irish food agency Bord Bia—a mark of provenance—and Dunne's product was not. He examined the characterizing ingredient of each product and accepted that a difference of more than ten percent was a reasonable threshold in assessing whether the difference was material, relevant, or representative of the product. In relation to Regulation (2)(d) of the 2007 Regulation, the judge was swayed by the analysis of the difference between the products in terms of their composition and ingredients in determining whether the SCLs met the objective comparison grounded in Regulation 4(2)(d). He concluded that fourteen of the fifteen SCLs failed to satisfy the criteria set out in Regulation 4(2)(d), as these SCLs failed to objectively compare the products.

In his examination of the SCLs under Regulation 4(2)(c) of the 2007 Regulation, Cregan J accepted that the compared products broadly met the same needs or were intended for the same purposes as set out in Regulation 4(2)(c). However, he considered the fact that the Dunne's SCLs referred to an Aldi product identified only by price meant that the SCLs did not actually correctly compare products under Regulation 4(2)(c).

In establishing whether the SCLs breached Regulation 4(2)(b) of the 2007 Regulation, Cregan J relied on the same analysis carried out in respect of Regulation 4(2)(d). He concluded that the Dunnes advertisements either gave false information or omitted or concealed material information in relation to fourteen out of the fifteen products used in the SCLs.

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<sup>180</sup> [2015] IEHC 495.

Adopting the same formula, Cregan J found that the banners and “toblerones” and SELs contravened Regulation 4(2)(d), 4(2)(c), and 4(2)(b) of the 2007 Regulation. Dunnes did not dispute the decision with respect to the banners.

### *The Court of Appeal’s decision*

Dunnes appealed and the Court of Appeal<sup>181</sup> overturned the High Court’s finding on the basis that it had applied an incorrect test in concluding that the SCLs and SELs were contrary to comparative advertising law. In rejecting the trial judge’s approach to the interpretation of Regulation 4(2)(d), the Court held that it was only necessary that the advertisement compared the products in one or more objective respects, not in every material respect. The Court also rejected Cregan J’s interpretation of Regulation 4(2)(c) as it held that the products under comparison only needed to be substitutable and interchangeable, but not identical. Further, it found that the High Court judge’s reliance on Aldi’s expert evidence concerning minute differences in the respective trader’s products was unwarranted and that this impacted upon the High Court judge’s findings in relation to Regulations 4(2)(d) and 4(2)(c).

The Court of Appeal also reversed the High Court’s findings in relation to the SEL’s on the basis that there was no implicit comparison. However, it found that the comparative advertising on banners and “toblerones” was impermissible because no comparison of product prices or any feature of the rival products had been made within the meaning of the 2007 Regulation. The Court declined to order a retrial on a number of grounds, including that the costs would be disproportionate to the value of the substantive case, a substantial period of time had elapsed since the conduct at issue occurred, and that new evidence would need to be heard, making the case wholly different.

Aldi appealed in relation to the Court of Appeal’s findings concerning SELs and SCLs, but not with respect to the banners.

### *The Supreme Court’s decision*

In giving a decision on behalf of the Supreme Court, O’Donnell J underlined the policy basis for comparative advertising and in doing so the intersection in this regard between competition law and trademark law. He noted that while EU law principles mandate that courts take a broad view of comparative advertising, a failure to comply with the regime could result in a finding of trademark infringement.

The judge referred to the added layer of confusion arising from the overlay of misleading advertising from the CAD and its

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<sup>181</sup> [2017] IECA 116.

incorporation into Regulation 4(2). He noted that the resulting difficulties in determining what is (or is not) a prohibited comparative advertisement might have been averted by the inclusion of a specific definition of comparative advertising; however, despite this lacuna, he managed to interpret the regime in the specific context of this case based upon established principles.

Referring to the CJEU's decision in *Lidl SNC v. Vierzon Distribution SA*,<sup>182</sup> O'Donnell J stated that it was for national courts to establish whether a particular advertisement was misleading or not under Article 4(2)(b) of the 2007 Regulations. The Court followed the approach recommended by Lewison L.J. in the UK Court of Appeal case of *Marks and Spencer PLC v. Interflora Inc.*,<sup>183</sup> that this kind of analysis can be done in the case of commonly advertised consumer products by a judge alone, without extensive expert evidence. The overall test requires the judge to consider whether the advertising satisfies Regulations 4(2)(c) to (i) of the 2007 Regulations and then form a sensible and pragmatic judgement as to compliance with Regulation 4(2)(b). This analysis is all to be approached on the basis that courts recognize that advertisements will naturally present products in order to highlight their most attractive features, that most transactions are carried out without minute or microscopic examination by consumers, and that the test involves an assessment as to whether the consumer is somehow deceived in the circumstances, whether positively or by omission. Where products have acknowledged differences, this translates to considering whether the products are comparable and when objectively compared at least in one respect (normally as to price) the comparison is misleading in the sense that there is a false implication of other features of the product that operates so as to deceive the customer and significantly affect their purchasing decision.

### ***The Supreme Court's conclusion in respect of the SCLs***

O'Donnell J. found that the High Court had been in error in considering that the analysis of composition and ingredients in products was relevant to whether the advertisement satisfied Regulation 4(2)(d) of the 2007 Regulations and that the Court of Appeal had correctly identified that all that was required was the comparison of one material, relevant, verifiable, and representative feature of the goods and that the comparison was objective. In this case the Court found that the relevant comparator was price and that this was appropriately made in relation to all of the SCL's with the exception of two, namely toilet tissue and day cream. The Court held that minor compositional differences of all but these last two

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<sup>182</sup> Case C-159/09.

<sup>183</sup> [2012] EWCA Civ. 1501.

products were not material and in this regard the Supreme Court referred to CJEU guidance in the *Lidl v. Vierzon* case stating: “A practice will be misleading by omission if it omits material information the average consumer needs, in the context, to take an informed transactional decision and thereby is likely to cause the average consumer to take transactional decisions he or she would not otherwise have taken.”

Accordingly, the Court found that the length of toilet paper was a “material feature” and that the implication that the products were substitutable in relation to products of significantly different length was false and breached Regulation 4(2)(b). The Court also found that the SCL in respect of the day cream breached Regulation 4(2)(b) on the basis that a consumer might be falsely misled into thinking that Dunnes cream also contained an SPF like the Aldi product when this was not the case.

The Supreme Court agreed with the decision of the appellate court, that the slogans were not misleading within the meaning of Regulation 4(2)(b). It considered that even under pressure, the average consumer would not treat vague slogans as overriding specific price information.

### ***Relief for infringement of Aldi’s trademarks***

The Supreme Court examined whether the Court of Appeal was correct in refusing to grant an injunction in relation to the banners and “toblerones” against Dunnes, even though it had breached Aldi’s trademarks in that regard. This was also a relevant consideration in relation to the Supreme Court’s finding of two instances of breach of Regulation 4(2)(b).

The Court noted that Aldi had already had the benefit of an injunction in relation to all of the products for some years and Dunnes could never be compensated for what now must be considered an excessive restraint. Moreover, there was no indication that Dunnes threatened to repeat its campaign and it was unlikely in all the circumstances of this judgment that Dunnes would reproduce the offending banners and the two SCLs. Therefore, the Supreme Court held that that this case could be classified as an exceptional circumstance within the meaning of Article 102(1) of the 2009 EUTM Regulation in which injunctive relief would not be granted.

**3. Germany—Court of Appeal of Munich—  
Exhaustion of trademark rights—damage to  
aura of luxury may arise in presentation or  
mode of distribution**

In a decision rendered on November 8, 2018 (but not published until June 2019), the Munich Court of Appeal<sup>184</sup> held that the doctrine of exhaustion would prevent a trademark owner objecting to the sale of goods by unauthorized dealers unless the trademark owner was able explain how such sales could damage the reputation of the brand.

The plaintiff was a manufacturer of luxury skin care cosmetics, distributing its products through a system of pre-selected specialist retailers. The defendant operated shops in which a variety of products were offered, including in particular fashion articles and home accessories. The defendant's core business concept was the sale of original branded products from reputed manufacturers (including luxury brand owners) obtained from leftover inventory, liquidated stock or insolvent enterprises. The products were typically in limited quantities and sold at significant discount to the usual price of such goods in short terms sales campaigns.

The defendant had obtained inventory of the plaintiff's SISLEY-branded luxury cosmetics, presented for sale in store in additional transparent wrappers with security labels.



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<sup>184</sup> Case No. 29 U 700/17 (SISLEY).

(source: court decision)

Products of other manufacturers were presented in the other parts of the shelf and offered with a “SALE” label and red stickers indicating low prices.



(source: court decision)

The plaintiff sued for trademark infringement arising from such sales. The defendant argued that the trademark rights had been exhausted when the products were placed on the market by the plaintiff and as such their further commercialization could not be prevented. At first instance the District Court found in favor of the defendant and dismissed the claim for trademark infringement.

The Court of Appeal confirmed the decision of the District Court. It considered the rules applicable to exhaustion, as set out in Section 24 (1) and Section 24 (2) of the German Trademark Act (equivalent to Article 7 of the 2008 TM Directive, and Article 15 of the 2015 TM Directive) and, in particular, whether the condition of the goods had changed or been impaired after they had been put on the market. Section 24 German Trademark Act reads (as translated):

§ 24

Exhaustion

1. The proprietor of a trade mark . . . shall not be entitled to prohibit a third party from using the trade mark . . . for goods which have been put on the market under this trade mark . . . by him or with his consent in Germany, in one of the other Member States of the European Union or in another Contracting Party to the Agreement on the European Economic Area.
2. Subsection (1) shall not apply if the proprietor of the trade mark . . . opposes the use of the trade mark . . . in connection with the further commercialization of the goods for legitimate reasons, in particular if the condition of the goods has been changed or impaired after being put on the market.

The Court of Appeal considered that it was implicit in Section 24(2) of the German Trademark Act that a right to object would not only apply where the physical condition of the goods had been affected, but also where the form of distribution itself could damage the reputation of the trademark. This apparent extension of the applicability of Section 24(2) of the German Trademark Act had also been made by the Düsseldorf Court of Appeal on March 6, 2018,<sup>185</sup> and by the Hamburg Court of Appeal on June 21, 2018.<sup>186</sup>

However, the Munich Court of Appeal held that none of the facts cited by the plaintiff would be sufficient to establish damage to the reputation of the trademark, including the “discount atmosphere” of the defendant’s stores, the particular plastic wrapper packaging, the product presentation, and proximity to other products on “sale,”

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<sup>185</sup> Case No. I-20 U 113/17. (See Tom Scourfield, *Annual Review of EU Trademark Law: 2018 in Review*, 109 TMR 441, 567 (2019).)

<sup>186</sup> Case No. U 151/17.

nor the lack of trained staff able to offer product consultation and help with selection.

In the Court's view, the mere fact that a discounter is selling luxury goods in a manner common to many discount retailers is not detrimental to the reputation of a brand because the public is used to finding premium cosmetic or perfumery products in the stores of both "typical" discounters and big retail chains. A similar conclusion was reached in respect of product presentation. Although such presentation would not be found in the plaintiff's "official" distribution partners, the SISLEY-branded products were not presented together with "cheap" products on the same shelf segment, but presented separately in a way that consumers might be expected to realize that these products were something "special" in comparison to the other products.

In respect of the plastic wrappers, these served a legitimate purpose of making theft more difficult and such additional steps merely highlighted the fact that the products played a special role in the defendant's overall product offering. As for a lack of trained staff who were able to offer consultation, it was relevant that Sisley products were also offered in big department stores (also without trained staff), and on the Internet where there is no consultation at all. As such a lack of trained staff would be attributed to the store but would not reflect poorly upon the product.

Overall, the Court considered that customers would recognize that the products in question enjoyed a special presentation in comparison to the other products, which only served to emphasize their quality and special status, rather than lead to a detriment of the 'Sisley' brand and reputation. This could also be distinguished from other cases where damage was established, because on these facts there was no permanent or substantial sale of the premium products by the discounter, so the customer was likely to consider the offering as a short term special opportunity to buy a premium product for a low price, offering a customer a chance to pick up a bargain that did not downgrade the brand. The difficulties encountered by the plaintiff in the case serves to highlight that the burden of proof falls on the plaintiff to establish an exception to the exhaustion rules which are construed narrowly and which require evidence of actual or perceived harm arising from sales and the presentation of products. The decision has been further appealed to the German Supreme Court.



**4. Italy—Court of Milan—Parallel Trade—  
Does the existence of a selective distribution  
network amount to a “legitimate reason”  
to preclude exhaustion of trademark rights?**

In *Sisley v. Amazon*<sup>187</sup> the Court of Milan heard the appeal proceedings in respect of an application for interim relief brought against the well-known online retailer Amazon by luxury cosmetics brand Sisley.

Article 15(2) of the 2017 EUTM Regulation provides:

1. An EU trademark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the European Economic Area 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).

Sisley operate a selective distribution network, which restricted the outlets in which their branded products could be sold. In 2018 Sisley had filed injunctive proceedings against Amazon before the Court of Milan, claiming, *inter alia*, trademark infringement in connection with Internet sales of products bearing the SISLEY mark outside Sisley’s selective distribution network—specifically on Amazon’s online store, both in respect of “direct” sales by Amazon, and by third parties selling on Amazon’s platform.

In the first stage of the proceedings, the Court of Milan dismissed Sisley’s petition on the ground that Sisley’s selective distribution network was not valid under EU competition law. This was because in the relevant distribution agreement there was a provision that the Court read as a restriction on “cross-supplies” among authorized distributors, which in the Court’s view went “beyond the licit intention of safeguarding the quality and luxury image of the trademark owner’s products” and was “not instrumental and proportional to accomplishing these qualitative objectives.”

Sisley subsequently filed an appeal against this decision, stressing that in the meantime it had amended its distribution agreement expressly allowing cross-supplies among authorized distributors. In light of this amendment, the Court found Sisley’s selective distribution network was now valid under EU competition law and proceeded to analyze the case under trademark law.

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<sup>187</sup> July 3, 2019, No. 50977/2018, *Sisley Italia S.r.l., Société C.F.E.B. Sisley, Société d’Investissement et de License v. Amazon Europe Core S.a.r.l., Amazon Eu S.a.r.l., Amazon Services Europe S.a.r.l.*

The Court of Milan held that the existence of a selective distribution network could indeed fall within the “legitimate reasons” precluding the exhaustion of trademark rights, provided that: (i) the relevant products are luxury or prestigious goods that justify the implementation of a selective distribution network; and (ii) there is actual detriment to the relevant trademark’s luxury and prestigious image arising from the commercialization carried out by third parties outside that selective distribution network. The Court held that whenever those conditions are met, a trademark owner may oppose further commercialization of its products by third parties outside its selective distribution network, even though they purchased such products from licensees or authorized distributors.

In particular, with specific regard to the second condition, the Court of Milan pointed out that it is necessary to assess on a case-by-case basis whether the licensee’s or authorized distributor’s sales of products to third parties outside the selective distribution network and the further commercialization of such products may give rise to actual detriment to the mark. The criteria for such detriment would include: (i) the nature of the products distinguished by the mark; (ii) the volume and systematic or occasional nature of the sales by the licensee to resellers outside the selective distribution network; and (iii) the nature of the products usually commercialized by these resellers and the usual means of marketing used.

Having established the relevant principles, the Court went on to consider whether two conditions were met on the facts of the case, being whether (i) Sisley’s relevant products could be considered luxury goods; and (ii) the Internet sales of said products through Amazon’s online platform would cause an actual detriment to the luxury/prestige image of the mark SISLEY.

First, the Court found that the luxury nature of Sisley’s products was undisputed and therefore the adoption of a selective distribution network was justified. Second, after looking at the usual sales method of products on Amazon’s platform, the Court found detriment to the prestige and image of the SISLEY mark arising from: (a) the marketing, offering for sale, promotion, and advertising of Sisley’s products along with advertising material of products belonging to other brands, also of lower market segments, on the same Internet page; (b) the juxtaposition of Sisley’s products with products that were not luxury goods, as well as the presence of links pointing to websites of products completely different from Sisley’s; and (c) the lack of an adequate customer service experience, similar to that guaranteed by the presence in the physical store of a person able to adequately advise or inform consumers.

In light of the above, the Court established that Sisley had a “legitimate reason” to oppose further commercialization of its

products on the part of Amazon under Article 5.2 of the Italian Intellectual Property Code (equivalent to Article 15.2 EUTMR).

The approach followed by the Court of Milan may in some respects seem rather more strict than the approach of the CJEU in *Coty*,<sup>188</sup> insofar as the “Italian approach” requires an assessment on a case-by-case basis of whether Internet sales outside the selective distribution network are carried out in a way that are capable of causing actual detriment to the luxury/prestigious image of the relevant trademark. By contrast, in *Coty* the CJEU seemed to open the door to a more flexible approach by finding that harm arose from the mere fact of sales over the Internet—see in particular paragraph 49 of that judgment where the CJEU held that:

The internet sale of luxury goods via platforms which do not belong to the selective distribution system for those goods, in the context of which the supplier is unable to check the conditions in which those goods are sold, involves a risk of deterioration of the online presentation of those goods which is liable to harm their luxury image and thus their very character.

## VIII. GEOGRAPHICAL INDICATIONS

### *A. Introductory Comments*

This Part VIII concerns geographical indications (“GIs”), registered in accordance with Article 16 of Regulation No. 110/2008, which protect the source of goods as originating from a particular territory, region, or locality where the quality, reputation, or other characteristics of the goods are attributable to the goods’ geographical origin.

In addition to GIs, Article 7(1) of the 2017 EUTM Regulation now also provides (unlike its predecessor) for absolute grounds of refusal by reference to traditional terms for wine, to traditional specialities guaranteed (“TSGs”), and to plant variety rights, (similar provisions are contained in the 2015 TM Directive, where the absolute grounds for refusal are contained in Article 4, (the new provisions are set out in Article 4(1)(i) to 4(1)(l) of the 2015 TM Directive)). Similarly, the proprietors of such rights are also provided with rights to oppose trademark applications on the basis of such rights (Article 8(6) of the 2017 EUTM Regulation and Article 5(c) of the 2015 TM Directive).

Although only one case merits specific inclusion in this year’s Review, the enforcement of geographical indications of origin continues to provide an important additional context and consideration for EU trademark practitioners. Despite ultimately

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<sup>188</sup> *Coty v. Parfümerie Akzente*, Case C-230/16, (CJEU, December 6, 2017).

being unsuccessful in enforcement, the *Manchego* case (originating in Spain but referred to the CJEU) confirmed that a registered GI may also be evoked through the use of figurative signs, potentially broadening the scope of protection to “conceptual” infringement of GIs.

### *B. Legal Texts*

#### **Article 7 of the 2017 EUTM Regulation**

##### **Absolute grounds for refusal**

3. The following shall not be registered:

...

(Note: paragraphs (a)–(i) were omitted.)

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

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

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

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

the description, presentation, or labelling of the product liable to convey a false impression as to its origin;

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

### **Article 8(6) of the 2017 EUTM Regulation**

#### **Relative grounds for refusal**

6. Upon opposition by any person authorized under the relevant law to exercise the rights arising from a designation of origin or a geographical indication, the trade mark applied for shall not be registered where and to the extent that, pursuant to the Union legislation or national law providing for the protection of designations of origin or geographical indications:
- (i) an application for a designation of origin or a geographical indication had already been submitted, in accordance with Union legislation or national law, prior to the date of application for registration of the EU 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 the right to prohibit the use of a subsequent trade mark.

### **Article 5(3)(c) of the 2015 TM Directive**

3. The following shall not be registered:  
(Note: paragraphs (a)–(b) were omitted.)
- (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 authorised under the relevant law to exercise the rights

arising therefrom the right to prohibit the use of a subsequent trade mark.

### *C. Cases*

#### **1. Spain—Spanish Supreme Court— Trademarks and geographical indications— How far can GI protection go?**

The *Queso Manchego* case,<sup>189</sup> decided by the Supreme Court of Spain on July 18, 2019, considered the interaction between geographical indications and trademark law.

The plaintiff (Fundación Consejo Regulador de la Denominación de Origen Protegida Queso Manchego) is a foundation responsible for managing the protected designation of origin (“PDO”) of Queso Manchego, Spain. The foundation’s main functions are to protect and promote the collective interests of MANCHEGO CHEESE, including, where necessary, to take legal action against products that by their presentation or labelling may induce consumers to believe that such products are Manchego cheese when they do not qualify as such.

MANCHEGO CHEESE is a PDO, protected in Spain since 1984 and in the EU by Commission Regulation (EC) No. 1107/96. “Queso Manchego” is a specific kind of sheep cheese made with either pasteurized or raw milk of ewes of the Manchega breed, giving the cheese certain characteristics of texture, aroma, and flavor. The defendant is the Spanish food producer Industrial Quesera Cuquerella SL (“IQC”). The dispute concerned, among other things, the use by IQC of labels to identify and market cheeses that do not qualify as QUESO MANCHEGO, according to the specific requirements of the PDO, which requires both geographical provenance and a particular technical product specification, as such.

Article 13.1(b) of Council Regulation No. 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs states that “Registered names shall be protected against (b) any misuse, imitation or evocation, even if the true origin of the product is indicated (. . .).”

The Queso Manchego Foundation filed a combined infringement and invalidity claim on the basis of EU Regulation No. 2081/92 against IQC, who had been using the names “Super Rocinante,” “Rocinante,” and “Quesos Rocinante” to designate cheese that did not qualify for the PDO QUESO MANCHEGO. Although the actual brand names were dissimilar to the term “Queso Manchego,” IQC’s use of the name “Rocinante” was to produce an association with Don

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<sup>189</sup> Case C-614/17, Judgment 451/2019 of the Supreme Court of Spain of July 18, 2019, cassation appeal 3250/2014.

Quixote de la Mancha (specifically, “Rocinante” was the name of his horse) as well as using images of windmills on the packaging of the cheese, which are typical and evocative of the La Mancha region in Spain. The Queso Manchego Foundation considered that this would make consumers believe that they were buying “Manchego” cheese.



Infringing cheese



Typical Don Quixote & La Mancha imagery – © Libsa

At first instance, the Commercial Court dismissed the action on the ground that the signs and names used by IQC to market the cheeses were not visually or phonetically similar to the PDOs QUESO MANCHEGO or LA MANCHA and that the use of signs such as the name “Rocinante” or the image of the literary character Don Quixote de La Mancha was merely evocative of the region of La Mancha, Spain, in general, but not specifically the cheese covered by the PDO QUESO MANCHEGO.

The Queso Manchego Foundation appealed to the Appeal Court of Albacete, which also rejected the appeal in its judgment of October 28, 2014. Essentially following the same findings as at first instance, the Appeal Court considered that the use of the name of Don Quixote’s horse and of images typical of La Mancha on the labels of those cheeses could lead consumers to think of the region of La Mancha, but not necessarily of the cheese covered by the PDO QUESO MANCHEGO.

The Queso Manchego Foundation subsequently brought an appeal against that judgment before the Supreme Court of Spain, who referred the following questions to the CJEU for a preliminary ruling:

- (1) Must the evocation necessarily be brought about by the use of a name visually, phonetically or conceptually similar to the [PDO] or may it be brought about by the use of figurative signs evoking the [PDO]?
- (2) Can the use of signs evoking the region with which a [PDO] is associated constitute evocation of the [PDO]?

itself, even when the user of those signs is a producer established in the region associated with the [PDO], but whose products are not protected by [that PDO] because they do not meet the requirements set out in the product specification, apart from the geographical provenance?

- (3) Must the concept of the average consumer in order to assess whether there is “evocation”, be understood to cover European consumers or can it cover only consumers of the Member State in which the challenged product is produced or with which the PDO is geographically associated and in which the product is mainly consumed?

In its judgment of May 2, 2019, the CJEU replied to the above questions as follows:

- (1) A registered name may be evoked through the use of figurative signs.
- (2) The use of figurative signs evoking the geographical area with which a designation of origin is associated may constitute evocation of that designation, including where such figurative signs are used by a producer established in that region, but whose products, similar or comparable to those protected by the designation of origin, are not covered by it.
- (3) The concept of the average consumer who is reasonably well informed and reasonably observant and circumspect, to whose perception the national court has to refer in order to assess whether there is “evocation” must be understood as covering European consumers, including consumers of the Member State in which the product giving rise to evocation of the protected name is made or with which that name is geographically associated and in which the product is mainly consumed.

Following the judgment of the CJEU, on July 18, 2019, the Supreme Court of Spain declared that the use of the name “Rocinante” and images evoking La Mancha region infringed the PDO QUESO MANCHEGO. It also cancelled the trademarks registered in the name of IQC as far as “cheese” was concerned. This case is the latest in a line of authorities showing the development of protection for PDOs and other GIs, following *Cambozola*<sup>190</sup> in which the CJEU declared that a GI may be infringed if the term used to designate a product incorporates a similar designation and subsequently in *Glen*<sup>191</sup> the CJEU stated that there may also be evocation as a result of the simple “conceptual proximity” between

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<sup>190</sup> Case C-87/97.

<sup>191</sup> Case C-44/17.



the GI and the disputed sign. The CJEU's guidance in *Queso Manchego* (Case C-614/17) now confirms that a registered GI may also be evoked through the use of figurative signs.

## IX. PRACTICE AND PROCEDURE

### *A. Introductory Comments*

This final Part IX 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 procedure affecting EUTMs or national trademarks.

The CJEU considered the impact of “disclaimers” in the overall analysis of comparisons between marks, an important case given that many national IPOs imposed disclaimers to make clear that the scope of protection did not include purely descriptive elements of a trademark. The CJEU confirmed that a disclaimer cannot wholly exclude an element of a trademark from the global assessment of a likelihood of confusion, as this would be incompatible with the requirements of the TM Directive. The General Court once again considered the discretion of the EUIPO when considering whether to take into account evidence submitted for the first time before the Board of Appeal, and to state the reasons on which such decisions are based, pursuant to Articles 75 and 76 of the 2009 EUTM Regulation.

Before national courts, German cases considered the interpretation of trademark-related agreements concluded in the course of a corporate transaction, using implied terms to give efficacy to the overall transaction contemplated by the parties. The German courts also considered the stay of invalidity proceedings due to insolvency proceedings commenced against the applicant for invalidity and whether a lack of urgency or ongoing infringement precluded the grant of an interim injunction. Elsewhere the Spanish courts considered the appropriateness of a statutory assumption of damage where a party had admitted to suffering no damage at all, while the UK courts considered the use of survey evidence to show attribution of color to trade origin among the relevant class of user groups. Finally, decisions in Denmark and Sweden examined issues surrounding the interaction of trademark law and protection for personal and business names, respectively.

### *B. Legal Texts*

#### **Article 76 of the 2017 EUTM Regulation**

##### **Examination of the facts by the Office of its own motion**

1. In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to

relative grounds for refusal of registration, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought.

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

### *C. Cases*

#### **1. EU—CJEU—What is the impact of a disclaimer that has been entered on the register of a trademark in the global assessment of a likelihood of confusion with another mark?**

The decision of the CJEU in *Patent-och regidtreringsverket v. Mats Hansson*<sup>192</sup> concerned a national trademark registration for the word and figurative sign ROSLAGSPUNSCH for “alcoholic drinks” in class 33 (the “Earlier Registration”) owned by Norrtelje Brenneri Aktiebolag’s (“Norrtelje”), a Swedish company. The figurative sign is reproduced below.

The Earlier Registration is accompanied by a disclaimer that states “the registration does not give an exclusive right over the word “ROSLAGSPUNSCH.” The Swedish Patents and Market Court of Appeal requested a preliminary ruling from the CJEU on whether Article 4(1)(b) of Directive 2008/95 (assessment of a likelihood of confusion) may be affected by disclaimers made on registration. Given that elements of the trademark have been expressly excluded from protection by means of the disclaimer, what impact, if any, should such elements have in the global assessment.



In 2007, Norrtelje registered the Earlier Registration. The Patent and Registration Office in Sweden (the “PRO”) required a disclaimer to accompany the Earlier Registration since the

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<sup>192</sup> Case C-705/17.

trademark included (i) a term that was descriptive of a geographical region in Sweden, “Roslags,” and (ii) the term “Punsch,” which describes one of the goods covered by the registration (namely, alcohol). In December 2015, Mr. Hansson applied to the PRO for a national registration for the word mark ROSLAGSÖL for “non alcoholic beverages and beers” in class 32.

Mr. Hansson’s application was rejected by the PRO in July 2016 on the basis of a likelihood of confusion with the Earlier Registration. Since both marks began with the term “Roslags” and referred to identical or similar goods, the fact that the marks contained other words or figurative elements did not reduce the similarity of the marks, given that the term “Roslags” was a dominant element of both. Further, the goods relating to both marks would likely be distributed by the same sales networks to the same audience.

On appeal to the Swedish Patents and Market Court (the “PMC”) Mr. Hansson argued that there was no likelihood of confusion between the marks in question. The PRO had concluded that from a global assessment of the marks in question the common element “ROSLAGS” would lead the relevant public to believe that the goods of the marks in question derived from the same commercial origin. The PMC disagreed with the PRO’s approach. In the PMC’s view the purpose of the disclaimer was to clarify that the exclusive right deriving from registration of the Earlier Registration did not relate to the terms referred to as such. The common elements of the marks could not therefore be considered in these circumstances. The PRO appealed to the Court of Appeal.

The Court of Appeal observed that while the substantive rules on the protection of national trademarks are in principle harmonized at EU law, many of the procedural rules, by contrast, have remained within the jurisdiction of the Member States. With that in mind, the Court of Appeal considered whether a national rule allowing disclaimers to be included on registration should be categorized as a procedural rule, even where the disclaimer has the effect of changing the basis on which the global assessment of trademarks is carried out in accordance with Article 4(1)(b) of Directive 2008/95. In particular, the Court of Appeal noted that the case law of national courts was not uniform in relation to the effect of disclaimers.

The Court of Appeal posed the following questions to the CJEU:

1. Should Article 4(1)(b) of Directive 2008/95 be interpreted to mean that the global assessment of all relevant factors which is to be made in an assessment of the likelihood of confusion is affected by the fact that an element of a trademark has expressly been excluded from protection by way of a disclaimer being entered on the register?

2. If the answer to the first question is yes, will the disclaimer affect the global assessment in such a way that the competent authority will only give limited regard to the element in question, for example by regarding it as non-distinctive, even if the element would be distinctive and prominent in the earlier trademark?
3. If the answer to the first question is yes and the answer to the second question is no, will the disclaimer affect the global assessment in any other way?

In considering the Court of Appeal's questions, the CJEU emphasized the primary function of a trademark as an indicator of origin and the importance of a harmonized approach for registration and equal protection of trademarks in the EU. The 2008 TM Directive does not contain any obligations on Member States in relation to disclaimers, nor does it specify the effects of any such disclaimer on the examination of the likelihood of confusion. Several Member States do not provide for the possibility of registering signs as trademarks with disclaimers at all. According to the CJEU, Member States could, in principle, continue to allow and/or require disclaimers to be recorded on registration of trademarks, provided such disclaimers do not impair the effectiveness of the 2008 TM Directive, specifically the protection given to rights holders of earlier trademarks against the registration of trademarks likely to cause confusion on the part of consumers.

Citing its judgement in the *SABEL* case,<sup>193</sup> the CJEU re-emphasized that likelihood of confusion between marks must be appreciated globally, including an analysis of the distinctiveness of a mark (which determines the scope of protection); the more distinctive the earlier mark, the greater the likelihood of confusion. Specifically, the ability of a trademark to identify origin has to be assessed by looking at the sign as a whole and excluding any one of its elements could have an effect on the level of protection afforded to proprietors. The CJEU observed that, in any case, elements of a mark that are descriptive (whether or not the subject of a disclaimer), usually have less weight in the determination of similarity between signs than the elements of greater distinctiveness.

However, where a trademark is of weak distinctiveness this does not necessarily exclude a likelihood of confusion, in particular where the signs and the goods or services covered are similar. Therefore, excluding these elements would jeopardize the assessment of the similarity between the marks in question and result in an incorrect scope of protection (especially given that most Member States do not allow disclaimers). A global assessment must therefore be based on

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<sup>193</sup> Case C-251/95 (EU:C:1997:528).

the overall impression created by the visual, phonetic, or conceptual similarity between the marks as a whole in order to afford the best protection to proprietors in accordance with the 2008 TM Direction.

Significantly, the average consumer normally perceives an entire mark and does not assess distinct, individual details. Drawing on established case law,<sup>194</sup> the CJEU confirmed that the existence of a likelihood of confusion depends on the interdependence of several different elements, including: (i) the recognition of the trademark on the market; (ii) the distinctiveness of the earlier trademark; (iii) the association that can be made with the used or registered mark; and (iv) the degree of similarity between the trademarks in question and between the goods and services identified. The interdependence between the relevant factors reflect the actual perception of the public and the functioning of a trademark as an indication of origin.

It follows that where a disclaimer excludes an element of a trademark from the global assessment of a likelihood of confusion (because of the descriptive or non-distinctive nature of the element), this would be incompatible with the requirements of Article 4(1)(b) of the 2008 TM Direction. National legislation that would in effect exclude an element of the mark from the overall assessment or attribute limited importance to that element permanently and in advance was not compatible with EU law. The CJEU emphasized that the 2008 TM Direction already has sufficient guarantees to ensure that signs consisting exclusively of descriptive signs or indications are not registered or are declared invalid. The CJEU concluded that the proprietor of a trademark cannot claim an exclusive right in relation to only one element of a trademark, regardless of whether or not it is referred to in a disclaimer provided for by national law.

**2. EU—General Court—The EUIPO must assess the merits of the reasons put forward by the party that has submitted evidence late or for the first time at the Board of Appeal in order to comply with its duties to exercise its discretion and state its reasons when deciding whether to admit the evidence.**

The decision of the General Court in *Societe des produits Nestlé v. EUIPO*<sup>195</sup> considers the discretion of the EUIPO when considering

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<sup>194</sup> See Canon, Case C-39/97 (CJEU, September 29, 1998) (EU:C:1998:442), para. 16; Lloyd Schuhfabrik Meyer, Case C-342/97, (CJEU, June 22, 1999) (EU:C:1999:323), para.18; adidas and adidas Benelux, Case C-102/07 (CJEU, April 10, 2008), (EU:C:2008:217), para. 29.

<sup>195</sup> *Societe des produits Nestlé v. EUIPO*, Case T-536/18 (GC, October 10, 2019) (EU:T:2019:737).

whether to take into account evidence submitted for the first time before the Board of Appeal, and to state the reasons on which its decisions are based, pursuant to Article 75 of the 2009 EUTM Regulation.<sup>196</sup>

The present case is a continuation of the facts covered in the 2018 edition of this Review at Section IX.C.2 with regard to the decision of the CJEU in *EU IPO v. European Food*.<sup>197</sup> In *European Food*, the CJEU held that the General Court had correctly ruled<sup>198</sup> that evidence submitted for the first time before the Fourth Board of Appeal of the EU IPO did not have to be considered “out of time” under all circumstances. Accordingly, the CJEU confirmed the General Court’s annulment of the Fourth Board of Appeal’s decision to uphold the Cancellation Division’s decision of October 18, 2013, as a result of its error of law by not taking the evidence into consideration because of its late submission.

In June 2018, the Second Board of Appeal annulled the Cancellation Division’s decision of October 18, 2013, to reject European Food SA’s application for a declaration of invalidity of Nestlé SA’s registered FITNESS mark. The Second Board of Appeal subsequently declared the contested mark invalid pursuant to Articles 7(1)(b) and (c) of the 2009 EUTM Regulation,<sup>199</sup> finding that the term “FITNESS”:

- (1) was descriptive of the health-giving qualities and characteristics of the goods the mark is registered in respect of;
- (2) was not distinctive, as the relevant public would not consider the term “FITNESS” as an indication of trade origin but a purely informative message of the characteristics of the goods; and
- (3) had not acquired any distinctive character as a consequence of its use as no evidence was submitted of acquired distinctiveness in any English-speaking Member State of the EU.

In reaching its decision, the Second Board of Appeal admitted the evidence that had been submitted by European Food SA that the Fourth Board of Appeal had not previously taken into consideration. The Second Board of Appeal observed that, by following both the CJEU and the General Court’s decisions in *European Food*, it subsequently *had* to take the evidence into account.

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<sup>196</sup> This provision is now at Article 94(1) of the 2017 EUTM Regulation.

<sup>197</sup> *EU IPO v. European Food*, Case C-634/16 (CJEU, January 24, 2018) (EU:C:2018:30).

<sup>198</sup> *European Food v. EU IPO*, Case T-476/15 (GC, September 28, 2016) (T:2016:568).

<sup>199</sup> This provision is now at Article 7(1)(b) and 7(1)(c) of the 2017 EUTM Regulation.

Nestlé appealed to the General Court on four grounds. First, Nestlé submitted that the Second Board of Appeal had incorrectly applied Article 65(6) of the 2009 EUTM Regulation<sup>200</sup> by misreading the CJEU's judgment in *European Food* to conclude that it was *required* to take the evidence submitted late into consideration when reaching its decision in June 2018. Nestlé claimed under its second plea that the Second Board of Appeal had incorrectly applied Article 76(2) of the 2009 EUTM Regulation<sup>201</sup> by (a) considering that it lacked discretion to consider taking the evidence into account; (b) not taking due account of all relevant circumstances; and in any event (c) failing to state the reasons for its decision. Nestlé's third and fourth pleas focused on the substantive points of the contested mark itself, arguing that was not descriptive of the goods at issue and was, in fact, distinctive.

The General Court deemed it appropriate to deal with the first and second grounds together. Both grounds were upheld and the General Court annulled the decision of the Second Board of Appeal.

In reaching its decision, the General Court clarified that the EUIPO must state the reasons for which its decisions are based and must exercise its discretion "fully" when adopting a measure. The General Court observed that the Second Board of Appeal had clearly come to the conclusion that it *must* take the evidence at issue into account as a result of the General Court and CJEU's decisions in *European Food*. However, the General Court clarified that its finding in *European Food* merely meant that evidence submitted for the first time before the Board of Appeal would not necessarily make it late or inadmissible, which is not the same as a *requirement* to take such evidence into consideration.

The General Court reiterated the CJEU's ruling in *European Food* that it was always possible to submit evidence for the first time before the Board of Appeal where such evidence was intended to challenge the Cancellation Division's decision, whereby it is for the party presenting such evidence to justify its submission. Such evidence could not be *automatically* admissible as the Board of Appeal would still be required to assess the merits of the reasons for submitting the evidence in order to properly exercise its discretion under Article 76(2) of the 2009 EUTM Regulation. By automatically admitting the evidence, the Second Board of Appeal had failed to exercise its discretion fully and state its reasons for its decision.

The General Court did not rule on the third and fourth grounds claimed by Nestlé, nor did it rule on whether the evidence at issue was admissible under the circumstances of the present case. The General Court highlighted Article 65(2) of the 2009 EUTM

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<sup>200</sup> This provision is now at Article 72(6) of the 2017 EUTM Regulation.

<sup>201</sup> This provision is now at Article 95(2) of the 2017 EUTM Regulation.

Regulation<sup>202</sup> to emphasize that it is not the duty of the General Court to put itself in the EUIPO's place in exercising the EUIPO's powers, but to carry out a review of the legality of the EUIPO's decisions. It is for the EUIPO to draw the appropriate inference from the operative part and grounds of the General Court's judgments.

### **3. Germany—Federal Supreme Court— Grant of a license and transfer of a right to terminate that license by contractual interpretation**

The decision of the Federal Supreme Court<sup>203</sup> of October 17, 2019, represents one of the few occasions when a senior federal court in Germany has considered the interpretation of trademark-related agreements concluded in the course of a corporate transaction. The decision confirmed that a license agreement may be established by implied terms and a purposive interpretation of the relevant contracts and that the right to terminate such license agreement may itself be subject to transfer by contractual interpretation. The case illustrates the willingness of German courts to interpret complex commercial agreements to give effect to the perceived economic objective underlying them.

#### ***Relevant background***

The facts of the case are relatively complex but may be summarized as relating to a group of companies, formerly active in beer brewing, which decided to dissolve the group and divest the brewery business to a spin-off operation.

Part of the group had been an IP holding company that owned various trademarks for VALENTINS for beer, comprising both German national trademarks (the “German trademarks”) as well as EU trademarks and various IR marks (the “foreign trademarks”). Both the plaintiff and the defendant were companies within the overall group to be dissolved, each of which had operated breweries in Germany.

By two agreements of August 25, 2009 (the “August Agreement”), and December 7, 2009 (the “December Agreement”), the IP holding company transferred all foreign trademarks to another company of the group (“the spin-off company”). While in the August Agreement the IP holding company had transferred *all trademarks*, (i.e., both German and Foreign trademarks), the December Agreement subsequently excluded the German trademarks from the spin-off.

On December 16, 2009, at a time when the spin-off had not yet been completed, the defendant acquired that company. The

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<sup>202</sup> This provision is now at Article 72(2) of the 2017 EUTM Regulation

<sup>203</sup> Case No. I ZB 114/17.



purchase agreement provided for a clause according to which a separate trilateral transfer agreement was to be executed (to be signed by the IP holding company, the plaintiff as purchaser and the defendant). According to this clause the envisaged trilateral agreement should contain provisions by which:

- the IP holding company would transfer the German trademarks to the plaintiff prior to the completion of the spin-off; and
- use restrictions would apply to both the plaintiff and the defendant with regard to their respective trademark “territories” (Germany, rest of the world), corresponding non-attack obligations, obligations for mutual support and mutual preemptive rights related to each other’s trademarks would all have to be provided for.

In short, the agreement contemplated a set of delimitation regulations safeguarding the plaintiff’s and the defendant’s freedom to operate their business as before but limited to “their” territories. However, this trilateral agreement did not materialize. Instead, the spin-off was completed without any trilateral trademark transfer agreement, so the plaintiff merely acquired the German trademarks in a bilateral agreement from the spin-off company. This bilateral agreement did not provide for delimitation regulations as had originally been envisaged in the trilateral agreement.

Following the divestiture, the defendant continued a range of commercial operations related to its brewery business in Germany, where it bottled and labelled VALENTINS beer for export into the allocated “trademark territory,” namely, markets outside Germany. The defendant also sold VALENTINS beer to U.S. Military Stores located on the Ramstein Air Base in Germany, and even sold VALENTINS beer to a German company, even though such goods were sold for export by the purchaser, rather than domestic sales.

The plaintiff sued the defendant for infringement of the German trademarks. The defendant undertook by way of a cease and desist declaration not to sell VALENTINS beer in Germany (i.e., to the German company for export) and also accepted the plaintiff’s claim with regard to the sales to the U.S. Military stores.

The District Court confirmed the plaintiff’s claim to prevent the defendant’s sales in U.S. Military Stores on the Ramstein Air Base (which was not disputed by the defendant) but did not find any further infringement, which had included claims related to the bottling and labelling in Germany, as well as a demand for further information and compensation in damages. On the plaintiff’s appeal, the Court of Appeal of Karlsruhe overturned key aspects of the judgment and confirmed the plaintiff’s claims in their entirety (other than denying the claims for information and damages related to infringing acts of the defendant taking place prior to the

submission of the plaintiff's statement of grounds in the appeal proceeding).

With a further appeal to the Federal Supreme Court, the defendant requested the restitution of the District Court's decision to enable it to continue bottling and labelling VALENTINS beer in Germany for the purposes of export.

### *Trademark license implied by contractual interpretation*

The Federal Supreme Court confirmed the judgment of the Court of Appeal. It was not disputed that the plaintiff owned the trademark rights for Germany and in such circumstances the act of labelling the beer, even though for export, would in ordinary circumstances be an infringement of those trademark rights. The key issue to be determined was whether the defendant may have been permitted to label the beer with the VALENTINS trademark in order to allow the defendant to operate his brewery business as it had been envisaged by the original spin-off plans.

It might be said that the Court of Appeal could have taken the view that the agreements, to the extent that they had been concluded, did not provide for an express permission for the defendant to continue to bottle and label VALENTINS beer in Germany, so in such circumstances a finding of infringement was obvious. However, the Court of Appeal instead opted to interpret the various agreements in a way that reflected the envisaged spin-off transaction, an approach later endorsed by the Federal Supreme Court.

The Federal Supreme Court confirmed the Court of Appeal's interpretation, that the agreements contained a license in favor of the defendant. According to the Supreme Court, and consistent with the Court of Appeal's approach, a trademark license agreement need not always be in a regular trademark license agreement. However, due to the importance of such a license agreement, it would have to be documented in some way. The absence of such documentation might create an assumption of no license beyond a simple permission to use a trademark (such as a waiver of claims for trademark infringement by using a sign that corresponds to the protected trademark). However, documentary evidence supporting the conclusion of a license agreement can also be inferred by way of a supplementary interpretation of the agreement. In this case, the December Agreement by which the German trademark had been excluded from the spin-off was a written agreement that formed the basis of a supplementary interpretation of a license agreement.

The Federal Supreme Court pointed out that the precondition for a supplementary interpretation of the agreement is a "loophole" within the agreement, requiring an interpretation to reflect the intention of the parties and implement the business sense of the transaction that the parties had otherwise overlooked. A

supplementary interpretation is also possible if the parties have deliberately omitted a provision but have assumed that this provision will still be made (an assumption that subsequently turns out to be incorrect).

With such analysis in mind, the Federal Supreme Court took the view that the Court of Appeal correctly stated that the three agreements were based on the intention that VALENTINS beer could still be manufactured at the defendant's German production site, provided it was strictly for export only. Such an arrangement would have required some form of authorization to use the plaintiff's German trademarks, which was not expressly provided for.

The Court of Appeal's assessment that a constructive interpretation of the agreement was necessary to give effect to the commercial intention of the parties did not contain any errors of law. Account had been taken of the plaintiff's argument that it was still possible to produce beer in Germany and to transfer the bottling and labelling abroad without difficulty, but the Court of Appeal considered that such an approach did not correspond to the interests of the parties to the agreement. The sale of the company *as intended* could succeed only if the transferred trademark rights allowed the continuation of production and bottling for export in Germany. The spin-off company had therefore granted, in good faith, a license to the defendant to use the German VALENTINS trademarks for such purposes already through the December Agreement, the constructive interpretation of which therefore replaced to the extent necessary the envisaged supplementary trilateral agreement. The purpose of this supplementary agreement was to enable the brands to be divided into German and foreign brands without requiring a future acquirer of the companies and brands to cease production in Germany or to separate the labelling from the uniform production process.

The Court of Appeal also pointed out that the construed license was not just a simple permission—that is, a mere waiver of claims for trademark infringement by using a sign that corresponds to the registered trademark—but a “full” license, carrying with it a right to use the registered trademark itself, which therefore enjoyed protection under Section 30 (5) German Trademark Act, that is, was binding upon successors in title of that mark (whether or not on notice of such), including to bind the plaintiff as the purchaser of the German trademarks.

### *Termination of the (implied) trademark license*

Having established that an implied license existed, the Supreme Court went on to consider the proper grounds for its termination. The Supreme Court upheld the view of the Court of Appeal that the defendant's sale of VALENTINS beer to a German-based distributor constituted valid grounds for termination. This sale contravened the

territorial delimitation that had been the basis for the implied license.

It is also worth noting that under German law the assignment of a trademark that is subject to an ongoing license does not automatically lead to the transfer of the trademark license agreement to the assignee. Instead, the assignor of the trademark remains as licensor, unless a tripartite agreement is entered into with the assignor, assignee, and licensee. Under German law, the principle of freedom of contract prevents parties to an agreement from being forced to have a contractor that they did not agree to. The licensee can still enforce its rights against the (former) licensor, and the permission within the licensed marks are binding on the successor in title (assignee) even though the license agreement, strictly speaking, is not.

On the facts of the case, this meant that the parties to the license agreement remained the defendant (as licensee) and the spin-off company (as licensor), as there was no trilateral agreement including the defendant. Although that might suggest that the plaintiff could not terminate the license agreement, since it was not a party, this would have effectively frustrated the purpose of the implied licensing arrangement, which was to allow territorial delimitation and exclusivity. This, in effect, left three options to the Court of Appeal: (1) requiring the plaintiff to force the spin-off company to terminate the license (fairly unsatisfactory); (2) effect a transfer of the entire license agreement by way of supplementary interpretation of the trademark agreement (which cut across the principle of freedom of contract); or (3) find some kind of solution in between these extremes.

The Court of Appeal once again sought a solution in implied terms and purposive contractual interpretation, allowing a transfer of the right to terminate (only). It pointed out that the spin-off company had the intention to fully divest the brewery business and that this required that the plaintiff must have acquired the rights derived from the license agreement. Although no tripartite agreement had been entered into and the plaintiff had not taken over the license agreement in its entirety, the Court of Appeal considered that the trademark transfer agreement between the spin-off company and the plaintiff relating to the German trademark implied a transfer of the right to terminate the license. While leaving the license agreement in itself in existence between the spin-off company and the defendant, this termination right was required to counterbalance the fact that the defendant could hold the license out against the plaintiff. The Supreme Court approved this analysis—a licensee who is violating the license cannot legitimately object to a termination of the license agreement by the person against whom he is seeking to otherwise uphold the rights associated with the license. Prior to this ruling, it was not generally

accepted that a contractual right to alter the contractual relationship (such as by termination) could be transferred separately from the underlying contract.

### *Notice of termination*

Even if the plaintiff was entitled to terminate the license agreement (despite not technically being a party to it), a termination would have required a proper termination notice. The plaintiff had not formally terminated the license agreement, not least because the existence of such license was only established by the Court of Appeal.

Again, the solution lay in interpretation of the facts and circumstances. The Court of Appeal considered that the arguments submitted in support of the appeal before it amounted to a termination of the license agreement. The Supreme Court endorsed this view, along with the finding that the cease and desist letter sent to the defendant during the proceedings would in any event amount to a termination of any existing license. However, in that case, all sales made prior to the statement of grounds in the appeal were accordingly lawful and no claim for information and damages occurring prior to that date could be awarded. Future sales of course, would be prohibited.

#### **4. Spain—Supreme Court—What damages are due under Spanish law to a plaintiff that has suffered no loss?**

The Judgment of the Supreme Court of Spain in LA NUBA/NUBAR of October 3, 2019,<sup>204</sup> considered the financial remedies available to a successful plaintiff in a trademark infringement action.

The plaintiff, owner of a Spanish national trademark LA NUBA, registered for discotheque services, filed a combined invalidity and infringement action against the owner of Spanish registered Trademark No. 2934596 NUBAR, registered and used in respect of restaurant and music bar services.

Although of course both trademarks took effect on the Spanish trademark register, the commercial operations of the two parties were (geographically at least) rather distant from one another. The plaintiff operated a discotheque in Urdax, a very small town in Navarra, Spain, on the border with France. The defendant operated restaurants and lounge clubs in Barcelona and Ibiza using the sign “NUBAR”:

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<sup>204</sup> Judgment 516/2019 of the Supreme Court of Spain of October 3, 2019, cassation appeal 986/2017 (NUBAR).



nubar  
restaurant bar

Article 43.5 of the Spanish Trademark Act provides for automatic compensation to the trademark proprietor following a finding of infringement known as damages *ex re ipsa*, set at 1% of the turnover made by the infringer by reference to the infringing trademark. This is, in effect, a statutory presumption of damage, where actual damage need not be proven. In this case, 1% of the infringer's turnover would have been around US \$100,000. It was questioned whether the value of these damages arising from the statutory presumption was compatible with the provisions of the EU Enforcement Directive (EU Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights). The prospect of any *actual* damage seemed remote given the geographical distance between the two operations.

The EU Enforcement Directive provides that damages should not be punitive and must be based on objective criteria. In the present case, the owner of the earlier trademark LA NUBA had not suffered any real damage. Its discotheque was in a small town in the north of Spain and did not enjoy a reputation elsewhere, while the infringer's activities were carried out in lounge clubs several hundreds of kilometres away.

At first instance, the plaintiff's complaint had been rejected as the Court considered that there was no likelihood of confusion between the marks due to the difference in the services (discotheques vs restaurants) as well as the differences in overall impression between the signs. This decision was reversed in December 2016<sup>205</sup> by the Appeal Court of Barcelona, which found both infringement and invalidity of the later mark, accordingly. The Appeal Court of Barcelona also confirmed that the statutory rule of minimum compensation of 1% should apply, based on a literal interpretation of Article 45.3 of the Spanish Trademark Act.

The defendant appealed to the Supreme Court of Spain. In its judgment<sup>206</sup> of October 3, 2019 (cassation appeal 986/2017), the Supreme Court stated that the automatic compensation of 1% of the turnover should not be interpreted as meaning that the rights holder is entitled to this compensation even in cases where it has

<sup>205</sup> Appeal No. 415/2015, the Appeal Court of Barcelona, December 14, 2016.

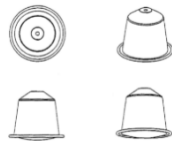
<sup>206</sup> 516/2019 of October 3, 2019 (cassation appeal 986/2017).

been found that the infringement has caused no damage (the plaintiff having already admitted that the infringement had caused him no damage). According to the Supreme Court, the 1% rule is merely aimed at facilitating the calculation of compensation, but can and should be disappplied where appropriate, in particular where the defendant can prove that no prejudice has been caused to the plaintiff. In many ways however, this is a landmark decision that changes the interpretation of a longstanding practice in Spain with respect to the 1% automatic compensation for damages provide by the Spanish Trademark Law.

### **5. Germany—Federal Supreme Court— Stay of invalidity proceedings due to insolvency of applicant**

In its decision of January 1, 2019,<sup>207</sup> the Federal Supreme Court of Germany considered whether an invalidity application filed against the trademarks of a competitor should be stayed in circumstances where insolvency proceedings had been commenced against the assets of the applicant for invalidity.

The case related to an application by a Swiss company for invalidity of the German extension of an International mark (IR No. 763 699) relating to a coffee capsule (shown right) on grounds that the mark was alleged to lack distinctiveness in Germany.



During the appeal proceedings before the German Federal Supreme Court, insolvency proceedings were commenced in Switzerland against the assets of the (Swiss) applicant for invalidity by an unrelated third party. The trademark proprietor asked the Federal Supreme Court to suspend the appeal proceedings to declare the invalidation proceedings suspended pending the determination of the insolvency process, which the Federal Supreme Court accepted.

According to the German law of civil procedure (Section 240 (1) German Act of Civil Procedure) pending legal proceedings should be suspended upon the initiation of an insolvency process against a party to those legal proceedings where the outcome of the case may affect the insolvency estate.

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<sup>207</sup> Case No. I ZB 114/17.

In light of that provision, the Federal Supreme Court considered that the Swiss insolvency proceedings could be considered as comparable to German insolvency proceedings. The commencement of a similar process in Switzerland would be sufficient to stay the trademark invalidity proceedings in Germany because those insolvency proceedings would affect the assets of the applicant for invalidity in Germany.

Prior to this decision, it was accepted under German civil procedure that the commencement of an insolvency procedure should lead to the stay of claims for trademark infringement regardless of whether the party under the insolvency proceedings was the plaintiff or defendant (see Supreme Court of the German Empire of 1931 in the *drahtlose Telegraphie* case<sup>208</sup>), given that the outcome of such proceedings may impact the assets and trading position of the affected party in either case. It was also accepted that a counterclaim against the relevant trademark(s) filed in those infringement proceedings should similarly be stayed, regardless of whether it was the plaintiff or defendant affected by the insolvency proceedings.

However, the question as to how to proceed in circumstances in which there was an *independent* invalidity action filed had been unresolved prior to this case, with conflicting approaches as between the German PTO and the German Patent Court. The German Federal Supreme Court held that an *independent invalidity proceeding* should also be suspended in an insolvency event, because the applicant would be in a comparable situation to the defendant in a trademark infringement action filing a counterclaim for invalidity. Further, where the trademark proprietor and alleged infringer are competitors, the recipient of a cease and desist might pre-empt an infringement action by filing an independent invalidity action. This had indeed occurred on the facts of this case, although the allegation of infringement had not yet been made in Germany, it had been alleged under the same mark in other territories, so an infringement action in Germany was within contemplation. As such, a proactive invalidity action proceeding could improve the party's competitive position and be deemed to have an impact on the assets of the infringer. As a consequence, the Court considered the invalidation proceeding related to the infringer even without a pending infringement action and hence supported the suspension of the proceedings. The Court did not expressly rule on whether suspension would also have been applicable in circumstances where the defendant had not yet commenced sale of the competitive products, but it is notable that this fact was only an additional factor considered, rather than the determinative factor.

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<sup>208</sup> Decision of May 9, 1931, Case No. I 295/30.



## 6. Germany—Nuremberg Court of Appeal— Preliminary injunctions and lack of urgency

In its decision of October 12, 2018<sup>209</sup> (published in January 2019), the Nuremberg Court of Appeal considered the relative urgency of a matter as part of the test for the grant of a preliminary injunction.

The defendant had published a photograph that contained the plaintiff's trademark on a website. Upon receiving a cease and desist letter from the plaintiff, the defendant replaced the photograph of concern with another photograph but had refused to sign a formal declaration by which he would have undertaken not to publish the photograph again in the future. Because of that refusal, the plaintiff sought a preliminary injunction against the publication of the photograph before the Nuremberg District Court (the first instance civil court). The defendant argued that the use of the trademark contained within the photograph was not use as a trademark (no use in relation to goods or services). The District Court of Nuremberg refused to grant the preliminary injunction, citing a lack of urgency on the facts presented, noting that the replacement of the photograph in question ensured that the case was no longer suitable for a preliminary court decision. The question of a trademark infringement in those particular circumstances therefore did not have to be resolved in preliminary proceedings.

The German Act of Civil Procedure provides for preliminary injunction proceedings to secure rights until a final decision is rendered if those rights would otherwise be frustrated. This implies that a preliminary injunction will be issued in circumstances where the matter is urgent, such that the interference of the court is essential to secure the rights of the plaintiff and to avoid irreparable harm.

When the decision of the Nuremberg Court of Appeal was delivered in 2018, the German Trademark Act did not (yet) provide a specific rule regarding the urgency of actions against trademark infringement. Nevertheless, the established practice of the courts was to consider it necessary to grant an injunction in circumstances where the trademark infringement was continuing. Waiting for a decision rendered in substantive proceedings would put the trademark at risk of dilution and the trademark owner should not be forced to tolerate continuing trademark infringement until trial and judgment in substantive proceedings following. The interest of the alleged infringer in the continued distribution of the (infringing) product was considered to be less significant.

However, as the defendant in this case had already replaced the contested photograph, both the Nuremberg District Court and the

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<sup>209</sup> Case No. 3 W 1932/18 (CurryWoschdHaus).

Nuremberg Court of Appeal confirmed that the discontinuation of the publication of the photograph removed the urgency from the matter unless the plaintiff could conclusively demonstrate why the urgency remained.

In January 2019 the German Trademark Act was amended to introduce among other changes a provision according to which preliminary injunctions can be issued without substantiation as *prima facie* required by the German Act of Civil Procedure discussed above. However, the legislation does not specifically state that in cases of trademark infringement preliminary injunctions can be issued without meeting the requirements set out in the German Act of Civil Procedure, but merely states that the substantiation and submission of *prima facie* evidence regarding the requirements is waived. As such, it remains possible that a court may itself investigate whether the infringement is continuing in deciding whether or not to grant the injunction and the decision of the Nuremberg Court of Appeal remains relevant.

A wider application of the decision of the Nuremberg Court of Appeal could have a significant impact if applied to issues such as online infringement. A product might be withdrawn from sale and wider distribution upon receipt of a cease and desist letter in the hope of avoiding an interim injunction and require the plaintiff to show the product remains on sale in some locations. However, a different approach has been taken by some other courts<sup>210</sup> that have considered that the urgency of the issue continues even after the infringement has ceased, as without a court order or a formal declaration of undertaking there is no guarantee that infringement has stopped and may not reoccur at some point in the future.

**7. UK—High Court (IPEC)—How effective is  
survey evidence in proving that the relevant public  
would associate a color with the trade origin or  
particular characteristics of a product?**

The closely followed case of *Glaxo Wellcome v. Sandoz*<sup>211</sup> saw the High Court finally rule on the long-running dispute between the plaintiffs, Glaxo Wellcome UK Limited and Glaxo Group Limited (“Glaxo”) against a number of defendants, including Sandoz, who had marketed and sold asthma inhalers in a purple color scheme which the plaintiffs contended was too similar to their own get-up.

Since 1999, Glaxo had been marketing a combination of salmeterol and fluticasone for the treatment of asthma and chronic obstructive pulmonary disease under the trademark SERETIDE, in various inhaler forms colored purple and in purple colored

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<sup>210</sup> *E.g.*, Court of Appeal of Munich, decision of November 14, 2013, Case No. 6 U 1888/13.

<sup>211</sup> *Glaxo Wellcome UK Ltd. & Anor v. Sandoz Ltd. & Ors*, [2019] EWHC 2545 (Ch).

packaging. In late 2015, the First, Second and Fifth defendants (“Sandoz”) launched a branded generic competitor under the trademark AIRFLUSAL FORSPIRO, designed by the sixth and seventh defendants. Glaxo brought claims against the defendants in the UK for trademark infringement and passing off for using the color purple and a similar get-up and packaging.

Glaxo had initially intended to rely on its registered EU color trademark for “inhalers” in class 10 described as “the color dark purple (Pantone code 2587C) applied to a significant proportion of an inhaler, and “the color light purple” (Pantone code 2567C) applied to the remainder of the inhaler.” However, in 2016 the first defendant was successful in an application for summary judgment dismissing Glaxo’s claim for trademark infringement because the mark relied upon was not sufficiently precise and uniform and had been invalidly registered pursuant to Articles 52(1)(a), 7(1)(a) and 4 of the 2009 EUTM Regulation.<sup>212</sup> This interim decision was reported in the 2017 edition of this Review.<sup>213</sup>

Having lost the relevant trademark protection, the trial considered the claim under the UK tort of passing off. Although some aspects of the case are quite fact-specific given the highly regulated nature of the products at issue, the ruling nevertheless provides clarity on a range of issues including the use of survey evidence to demonstrate distinctiveness as well as misrepresentation of trade origin and deception. The High Court ultimately dismissed all of Glaxo’s claims due to the lack of evidence proving goodwill and misrepresentation.

In reviewing the evidence submitted by Glaxo, the High Court clarified that such evidence must demonstrate that the feature of get-up relied upon by the plaintiffs, being the color purple, was distinctive in the mind of the relevant public either of the trade origin, or of the relevant characteristics of the SERETIDE inhaler. The High Court considered that the starting point would always be the general rule that the color of a product is typically devoid of distinctiveness as consumers do not ordinarily identify the origin or characteristics of a product “by reference to the color of the product or its packaging.” However, there may be exceptions whereby distinctiveness may be acquired as to trade origin or be distinctive of the characteristics of the product through the use made of it.

Glaxo had relied upon marketing materials, patient leaflets and survey evidence to prove that the color purple had become distinctive as to the trade origin of SERETIDE among healthcare professionals (“HCPs”). However, the High Court noted that the evidence did not indicate that the trade origin of the inhaler was of

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<sup>212</sup> These provisions are now at Articles 59(1)(a), 7(1)(a), and 4 of the 2017 EUTM Regulation.

<sup>213</sup> Guy Heath, *Annual Review of EU Trademark Law: 2017 in Review*, 107 TMR 465 (2017).

a SERETIDE inhaler but only that the HCPs would associate it with the combination of salmeterol and fluticasone, in accordance with the general color convention of inhalers in the UK. As such, the color scheme might have been distinctive as to characteristics, but not as to trade origin.

The High Court also revisited the long-standing law on the use of surveys for the purposes of trademark and passing off proceedings under the “Whitford Guidelines,” as formulated by J Whitford in *Imperial Group PLC v. Philip Morris Ltd.*,<sup>214</sup> subsequently endorsed by Lewison LJ in *Interflora Inc v. Marks & Spencer PLC*.<sup>215</sup> Applying those general principles to the case at hand, the majority of survey evidence used by Glaxo did not adhere to those guidelines, which affected the weight of importance given to the survey evidence by the High Court. In addition to a lack of compliance with such rules, the High Court concluded that the survey evidence had no real probative value as the evidence had simply indicated that HCPs recognized the color purple as a feature of SERETIDE inhalers. For the evidence to have been effective in establishing distinctiveness, the survey answers would need to indicate that HCPs would associate another inhaler bearing the same shade of purple with the same trade origin.

The High Court also considered that the relevant public for inhalers would also include the patients themselves and not just HCPs. However, Glaxo had adduced very little evidence to demonstrate that purple was distinctive of the trade origin of SERETIDE in the minds of patients and had not conducted any survey of patients. In addition, despite dedicating significant resource to the preparation of its case, Glaxo was able to identify only six instances of confusion, none of which evidenced confusion on the part of patients. The High Court ruled that there was no actual confusion among patients as to trade origin.

The ruling reiterates the need for survey evidence to comply with the “Whitford Guidelines” in order to ensure that the evidence has value from the court’s perspective. In order to prove distinctiveness, the survey evidence must go further than simply showing that the relevant public would associate the color of a product with the general color convention in the industry, as otherwise the evidence proves only that the color is capable of distinguishing that product’s characteristics from other colored products rather than their respective trade origins.

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<sup>214</sup> [1984] RPC 293.

<sup>215</sup> [2012] EWCA Civ 1501, [2013] FSR 21, at para. 61.

## 8. Denmark—The Danish Maritime and Commercial High Court—When may protected names be used as trademarks?

On May 10, 2019, the Danish Maritime and Commercial High Court delivered its ruling in respect of the consolidation of several injunction proceedings filed by the descendants of the Ørsted family (“Ørsted Family”): (i) the famous Danish physicist Hans Christian Ørsted (“H. C. Ørsted”); and (ii) the brothers of H. C. Ørsted, Anders Sandøe Ørsted and Jacob Albert Ørsted (who were both also famous Danes). The key issue in the case was whether the Ørsted Family could prevent the Danish energy company Ørsted A/S (“Ørsted”), formerly “DONG A/S,” and its subsidiaries, from using the name “ØRSTED” (a) as a company name, (b) as a registered trademark, and (c) in relation to Danish top level domain names (“.dk”) on the grounds that the Ørsted name was a protected name under the Danish Act on Personal Names and the Danish Trademark Act.

Ørsted and its subsidiaries make up one of the largest energy companies in northern Europe, with the Kingdom of Denmark as the controlling shareholder. On October 30, 2017, the shareholders of Ørsted voted to change the company name from “DONG A/S” to “Ørsted A/S.” The name was chosen both as an homage to H. C. Ørsted, with reference to the company’s kinship with the scientist’s work, and as a part of a new company strategy. Prior to the vote, Ørsted registered “Ørsted,” “Oersted,” and “Orsted” as the company name, filed several EUTMs (including EUTM No. 015781115 ØRSTED (word) and No. 016429615 ØRSTED (figurative)), as well as several “.dk”-top level domain names. As part of the promotion of the name-change, Ørsted invited several people with the surname “Ørsted” to celebrate the event, including many of the plaintiffs.

The Ørsted Family are all descendants of either H. C. Ørsted or his brothers. The name “Ørsted” is both famous and rare in Denmark. According to the case, fewer than 500 people in Denmark use the name “Ørsted” as a surname. According to Danish law, a surname has a protected status if fewer than 2,000 people use the name. Further, a name is considered “rare,” and therefore protected pursuant to the practice of the Danish Patent and Trademark Office, if fewer than 30 people bear the name (the latter not being satisfied on the facts of this case).

### *Court decision*

Between January 5 and 19, 2019, the Ørsted Family filed several requests for injunctive relief before the Maritime and Commercial High Court. The Ørsted Family argued that Ørsted could not use the name as a registered EUTM on grounds of the name being a protected surname, which is a relative ground for refusal in accordance with the Danish Trademarks Act (Section 15(3)(6) being

equivalent to the 2008 TM Directive Article 5(4)(b)(i)), as well as being restricted from registering and using it as a company name or as a '.dk'-top level domain name.

Ørsted argued that the Danish Personal Names Act did not provide an exclusive right enforceable against legal entities and that an assessment of the facts at hand—using the principle of *lex specialis*—should be based on the Danish Trademarks Act and Company Act, respectively, and not the Danish Act on Personal Names. Additionally, Ørsted argued that their use was legitimate, as “Ørsted” was inspired by a reference to a long-deceased person and his associated reputation, not a reference to a living person. Ørsted also argued that through its extensive marketing campaign—which was based on the connection between the company and the scientist H. C. Ørsted—the company had provided evidence that the exploitation of the name was not in reference to the Ørsted Family as such, but specifically the scientist.

The exemptions in the Danish Trademarks Act are interpreted narrowly by the Court. The Maritime and Commercial High Court found that the earlier right to a protected name does not provide a ground for refusal in accordance with Section 15(3)(6) of the Danish Trademarks Act (Article 5(4)(b)(i) of the 2008 TM Directive when the use of the name refers to a person who is long-deceased). The Maritime and Commercial High Court highlighted that, historically, the scientist H. C. Ørsted is and has been referred to by both (i) the shortened version of his name (“H. C. Ørsted” from “Hans Christian Ørsted”), and (ii) simply Ørsted,” when his name was used relative to his scientific work. The Maritime and Commercial High Court then found that because there is a link between energy production, which is core area of business of Ørsted (the defendant), and H. C. Ørsted’s body of research and scientific work, the use of “Ørsted,” only, without use of the scientist’s initials or first names, as an identifier, was adequate when making the reference to the (long deceased) person H. C. Ørsted in relation with renewable energy. Further, since renewable energy was the field in which H. C. Ørsted was most famous and well known this type of usage would not be considered a general reference to the (protected) surname “Ørsted.” As such, the Maritime and Commercial High Court found that the reference to a long-deceased person in accordance with Section 15(3)(6) of the Danish Trademarks Act (Article 5(4)(b)(i) of the 2008 TM Directive), is not contingent on an accurate reference to the full name, if the context of the use promotes an understanding of exact reference to the specific person, in this case being the association of the name Ørsted with the production of energy.

The Court also found that as the earlier right to a protected name could not prevent the use of the name as a trademark, that

trademark could also freely be used as both the name of the business and as part of a .dk-top level domain name.

Overall, it was not sufficient that the “Ørsted” name was protected under the Danish Act on Personal Names and that the Ørsted Family thereby had interests in the name “Ørsted.” The company was named after a person who was long-deceased, not the family members bringing the claim. The case has been appealed by the Ørsted Family to the Danish Supreme Court and judgment is expected in 2020.

### **9. Sweden—Swedish Patent and Market Court— Should the test for distinctiveness differ as between trademarks and Swedish business names used in the course of trade?**

In *GDL Transport Aktiebolag v. Swedish Companies Registration Office*,<sup>216</sup> the Swedish Patent and Market Court considered the need for consistency of approach as between the test for distinctiveness of a Swedish business name (Sw: “företagsnamn”) and that of an application to register a trademark.

By way of background, in Sweden a business name is considered a “sign used in the course of trade” consistent with Article 5(4) of the EUTM Directive, in the sense that it grants the company similar rights as those conferred by a trademark, namely the ability to prohibit a third party from using or registering an identical or similar business name or trademark for identical or similar activities. Similarly, the existence of an earlier trademark or business name can be raised as an obstacle to the registration or use of a later trademark or business name.

According to the Business Names Act,<sup>217</sup> a business name may only be registered in Sweden if it is capable of distinguishing the company’s business from other parties (corresponding to the requirements set out in Article 4(1)(b) in the EUTM Directive). The plaintiff sought to change their business name to “GDL” from “GDL Transport.” The Swedish Companies Registration Office rejected the request on the basis that the new name consisted of only three characters and as such lacked a sufficient degree of distinctiveness.

The Office based their decision on their long-standing precedent that the assessment of the requirement of distinguishing character was different for business names in comparison to the one used for trademarks. As such, a short three-letter name could not be considered sufficient to distinguish the company from any other companies, according to the Office.

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<sup>216</sup> *GDL Transport Aktiebolag v. Bolagsverket*, Case PMÄ 10269-19.

<sup>217</sup> Swedish: “Lag (2018:1653) om företagsnamn.”

On appeal to the Swedish Patent and Market Court, the Court noted that the legislator intended for there to be a high degree of coordination and correlation between rights conferred by signs used in the course of trade such as business names and trademarks. As such, the Court found there to be no legal basis for setting a higher standard for the distinguishing character of business names when compared with trademarks. In consideration of the evolution of the legal precedent in trademark law since Sweden's accession to the EU in 1995, the business name was deemed capable of distinguishing one entity from another.

## X. GLOSSARY

- CJEU:** The Court of Justice of the European Union, which refers to itself simply as “the Court of Justice.” Before the entry into force of the Treaty of Lisbon in December of 2009, it was known as the “European Court of Justice,” or the “ECJ,” and is still often referred to as such.
- 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 was effective 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 March 23, 2016.)
- EU General Court:** The EU court with jurisdiction to hear appeals from the Boards of Appeal of EUIPO.
- Member State:** A country that forms part of the European Union from time to time.
- sign:** As used (but not defined) in the EUTM Regulation and the TM Directive, “sign” is used to refer to the subject matter of which a trademark may consist and is also used (in the context of trademark



infringement) to refer to the offending word, device, or other symbol that the defendant is using; often used in practice when the word “mark” could be used.

- Union:** The European Union.
- 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:** EU trademark laws and EU lawyers use the term “trade mark” rather than “trademark.” However, references in this issue have been changed to “trademark” to conform to the norms of *The Trademark Reporter*.

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