

The Trademark Reporter®



The Law Journal of the International Trademark Association

Annual Review of European Trademark Law 2021 in Review

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I. INTRODUCTION

A. About This Review

This ninth *Annual Review of European Trademark Law** contains highlights of European trademark cases of 2021 at both European Union (“EU”) and national courts of member states as well as a number of territories beyond the EU. This Review therefore is both the ninth edition of the EU Annual Review, and the first edition of the European Annual Review.

Matters relating to the unitary right of the EU Trade Mark (“EUTM”) are governed by Regulation (EU) 2017/1001 of 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 16 December 2015, referred to in this Review as the “2015 TM Directive.” An introduction to the role of the primary EU legislation (applicable at the time) is contained in the introduction to *Annual Review of EU Trademark Law: 2013 in Review*,¹ which also details the particular roles played by the EU General Court (“GC”) and the Court of Justice of the European Union (“CJEU”).

In determining which non-EU territories to include in this European Review for 2021, the logical starting place is the United Kingdom (“UK”), given the continuing close alignment between trademark law in the UK and the EU, and the fact that as of December 31, 2020, over two million EU “clones” were created as national trademarks on the UK register following the end of the Brexit transition period agreed in the UK–EU Withdrawal Agreement. As such, the territory of the UK will continue to be of close interest to any brand owner operating in Europe. Beyond, this Review also includes cases from Norway (members of the European Economic Area (“EEA”) but not the EU), Switzerland, and Turkey.

As in previous editions, this 2021 Review covers the familiar issues of “absolute” trademark issues including validity, distinctiveness, descriptiveness, “relative” grounds including similarity and confusion and the continuing relevance of bad faith, which remains a hot topic in Europe. This Review also explores recurring topics such as trademark use, infringement, parallel trade and other defenses and limitations, and some notable cases illustrating changes or significant analysis of practice and procedure.

* Tom Scourfield, *Annual Review of European Trademark Law: 2021 in Review*, 112 TMR 465 (2022). The principal author and contributor to this Review is grateful to a number of colleagues at CMS for their assistance, but in particular Jack Rigselford, Omri Shirion, and Georgina Morris in the UK and Piotr Zabost and Michał Resmer in Warsaw.

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

Two specific changes are worthy of calling out in this Introduction. The first, as noted, is Brexit, with January 1, 2021, marking the end of the Brexit transition period agreed in the UK–EU Withdrawal Agreement. The creation of two million UK “clones” of EU marks on the UK trademark register as of that date will no doubt make for fascinating case law for many years to come. For the time being, the UK “local” trademark legislation, the Trade Marks Act 1994, remains EU law compliant, being based upon the 2015 TM Directive (and preceding Directives) and, absent new legislation, will continue to be through 2022 and beyond.

The second material development was one brought about by prior changes in procedure before EU institutions. In order to enable the Court of Justice to concentrate on the cases that required its “full attention,” in May 2019, amendments were made to the Statute of the Court of Justice of the European Union and the Rules of Procedure. This change provided that any appeal brought against a decision of the General Court concerning a decision of an independent board of appeal of the European Union Intellectual Property Office (“EUIPO”) (among other agencies) would be allowed to proceed to the CJEU only where it raised an issue that was significant with respect to the unity, consistency, or development of EU law. Submissions on this issue may be no more than seven pages. The result in this change has been a very dramatic reduction in trademark cases heard by the CJEU in 2021. Of the cases analyzed in this Review, *none* proceeded beyond the permission stage (see in particular, MONOPOLY below).

In more general developments, this Review contains a range of notable decisions, including a range of cases examining the scope and validity of “non-traditional” trademarks (see *Yokohama Rubber Co. Ltd v. Pirelli Tyre SpA* and *Guerlain v. EUIPO* and *Ardagh Metal Beverage Holdings v. EUIPO*) and descriptiveness and distinctive character (*smart things solutions v. EUIPO* in particular), while the German courts considered the increasingly common issue of so-called disemvowelment on the perception of marks.

In relation to conflicts between marks, the GC’s decision in *Chanel v. EUIPO—Huawei Technologies Co. Ltd* bears close review, in particular, whether the different orientation of a mark should be taken into account, where that orientation might have a very considerable impact upon the perception of similarity with another mark. In infringement, a fascinating dispute arose before the German courts as to the competence of national courts to determine acts of alleged trademark infringement by EU institutions (such as the EU Commission), while the French Supreme Court gave two judgments exploring whether the mere act of applying for a trademark might amount to an infringement of third-party rights.

Finally, the topic of bad faith continued to dominate the headlines in trademark matters in 2021, considering in particular the intentions and state of mind of brand owners at the time of filing marks, and what conduct or intention might amount to bad faith. The General Court's decision in *MONOPOLY (Hasbro v. EUIPO—Kreativni Dogadaji)* did not significantly take matters forward on the issue of “ever-greening,” confirming that the mere existence of a repeat filing alone did not amount to bad faith, but a re-filing done to avoid non-use consequences would do so. The CJEU declined to elaborate on this issue when it refused permission to appeal, since the issue did not raise a significant issue with respect to the unity, consistency, or development of EU law. The French courts found that a shape mark filed to perpetuate the technical effect of an expired patent was an application made in bad faith, but notably the UK Court of Appeal overturned the findings of the High Court in *Skykick* (reported in the previous edition of this Review), finding that a broad application for goods such as “computer software” with an intention to use for only particular types of software did not constitute bad faith. The UK High Court also considered whether an intention to poke fun or parody another brand owner with a trademark filing might amount to bad faith.

B. Legislative Change and Terminology

Although the “new” 2015 Directive is now in force, the 2008 Directive that it replaced was repealed with effect from only 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 previously, although the law has now changed, some of the rulings reported in this Review are still based on or reference earlier iterations of the Regulations and Directives to those currently in force. Cross-references to previous (or current) equivalent provisions are provided where appropriate.

As in previous editions of this Review, each Part contains, in an introductory section, extracts of the most relevant provisions of the Regulation and Directive. Extracts given at the beginning of each part in this year's Review are now taken from the 2017 EUTM Regulation and the 2015 TM Directive only. Previous editions of this Review also included provisions of the 2008 TM Directive and/or the 2009 EUTM Regulation so these may be cross-referenced if required. Non-EU territories typically have the relevant legislative provisions, including in the case commentary where required.

C. Organization of Material in This Review

As usual, the 2021 case reviews are arranged by theme with CJEU decisions appearing at the beginning, followed by the most

significant national decisions (according to the authors and contributors in that jurisdiction). Non-EU cases are set out after selected decisions from the national courts of EU Member States. Each theme is contextualized with introductory comments and recurring EU statutory provisions to provide the legal context of the commentary. Each case note is introduced by an indication of whether the ruling is that of the CJEU, 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

Absolute grounds relate to the inherent characteristics of the trademark, its clarity, precision, and scope, and the extent to which it can perform what EU law refers to as “the essential function” of trademarks—to identify the exclusive origin of the goods or services for which registration is sought without the possibility of confusion. Grounds for refusal of registration on the basis of absolute grounds 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. The absolute grounds for refusal or invalidity are all now (solely) contained in Article 4 of the 2015 TM Directive although Article 4(1)(a), by implication at least, incorporates Article 3 of that Directive.

The starting point for any consideration of registrability (or validity) is therefore whether the “sign” in question is something “of which a trademark may consist” within the bounds of EU law under Article 4 of the 2017 EUTM Regulation or Article 3 of the 2015 TM Directive. If it is not, a valid registration is impossible.

Absolute grounds are harmonized as between EU trademarks and national trademarks in EU Member States. The absolute grounds for refusal relating to EU trademarks are set out in Article 7(1) of the 2017 EUTM Regulation. The absolute grounds for refusal that must be applied by the national trademark authorities of EU Member States are set out in Article 4(1) of the 2015 TM Directive.

The first four absolute grounds for refusal of registration are, in general terms, (a) that the mark is not a sign capable of protection; (b) that the mark is not distinctive; (c) that the mark is descriptive; and (d) that the mark is generic. The last three of these grounds can,

in principle, be overcome by evidence that the trademark has acquired distinctiveness through the use made of it prior to the relevant date. The first cannot.

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

The outer limits as to what may be registrable (or valid thereafter) is always a hot topic in Europe, with 2021 being no exception. Two particular themes emerge from 2021 cases:

First, so-called “non-traditional” marks (shape, color, sound, etc.) have, as is traditional, remained a challenge to register and defend. However, in *Yokohama Rubber Co. Ltd v. Pirelli Tyre SpA*, the CJEU confirmed that a trademark for the shape of a groove in a vehicle tire was indeed capable of registration, on the basis that a single groove did not create any technical result. Somewhat contrary to the traditional rejection of shape marks, in *Guerlain v. EUIPO* the GC held that the unusual shape and visual effect of a lipstick container rendered the mark registrable and capable of indicating origin. Shape marks relating to goods and their packaging were considered by the national courts in the Netherlands, Portugal, and Greece in the EU and in Switzerland beyond. The validity and scope of color, color combination, and color reference marks were considered by the GC and by national courts in Denmark and Austria. The GC also gave judgment in the first case concerning a sound mark submitted in audio format in *Ardagh Metal Beverage Holdings v. EUIPO*, finding that an application to register a sound made by the opening of a drinks can followed by silence and a fizzing sound would be perceived as a purely technical and functional element and so lacked distinctive character.

Second, the issue of descriptiveness and distinctive character was another recurring theme through 2021 cases. In *smart things solutions v. EUIPO*, the CJEU upheld the GC’s judgment that the trademark “smart :) things” registered for goods in Class 9 lacked distinctive character and a smiley emoticon could not divert attention from the descriptive meaning of the word elements. By contrast, the GC found the slogan IT’S LIKE MILK BUT MADE FOR HUMANS was distinctive, arising from the conceptual opposition between the beginning and end of the phrase. The

distinctiveness of ordinary English words in non-English-speaking countries was considered by national courts in Austria and the Benelux, while the important issue as to whose perception of their meaning is key for descriptive marks was considered by courts in Poland and Sweden. Finally, the German courts considered an important (and emerging) issue arising from “Txt Spk” (or so-called disemvowelment) and the effect such presentation has on the perception of otherwise descriptive marks.

B. Legal Texts

Note that Part (b) of Article 4 of the 2017 EUTM Regulation was a new addition, replacing the requirement in Article 4 of the “old” EUTM Regulation that the sign should be “capable of being represented graphically.” Also new to Article 4 were the express references to colors and sounds, although this change was not intended to alter the substance of the law. The possibility of registering EUTMs without a graphical representation (e.g., by providing a sound file for a sound mark) first became a possibility on October 1, 2017 (similar modifications were made in the 2015 TM Directive, where the relevant provisions appear in Articles 3 and 4(1)(a)).

Article 4 of the 2017 EUTM Regulation

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

- (a) distinguishing the goods or services of one undertaking from those of other undertakings; and
- (b) being represented on the Register of European Union trade marks (“the Register”), in a manner which enables the competent authorities and the public to determine the clear and precise subject-matter of the protection afforded to its proprietor.

Article 7 of the 2017 EUTM Regulation

Absolute grounds for refusal

1. The following shall not be registered:
 - (a) signs which do not conform to the requirements of Article 4;
 - (b) trade marks which are devoid of any distinctive character;
 - (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate

the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;

- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
- (e) signs which consist exclusively of:
 - (i) the shape, or another characteristic, which results from the nature of the goods themselves;
 - (ii) the shape, or another characteristic, of goods which is necessary to obtain a technical result;
 - (iv) the shape, or another characteristic, which gives substantial value to the goods;
- (f) trade marks which are contrary to public policy or to accepted principles of morality;
- (g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;

(Note: paragraphs (h) to (m) omitted.)

2. Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Union.
3. Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.

Article 3 of the 2015 TM Directive

Signs of which a trademark may consist

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

- (a) distinguishing the goods or services of one undertaking from those of other undertakings; and
- (b) being represented on the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.

Article 4 of the 2015 TM Directive

Absolute grounds for refusal or invalidity

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:
 - (a) signs which cannot constitute a trade mark;
 - (b) trade marks which are devoid of any distinctive character;
 - (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services;
 - (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
 - (e) signs which consist exclusively of:
 - (i) the shape, or another characteristic, which results from the nature of the goods themselves;
 - (ii) the shape, or another characteristic, of goods which is necessary to obtain a technical result;
 - (iii) the shape, or another characteristic, which gives substantial value to the goods;
 - (f) trade marks which are contrary to public policy or to accepted principles of morality;
 - (g) trade marks which are of such a nature as to deceive the public, for instance, as to the nature, quality or geographical origin of the goods or service;
 - (h) trade marks which have not been authorised by the competent authorities and are to be refused or invalidated pursuant to Article 6ter of the Paris Convention;
 - (i) trade marks which are excluded from registration pursuant to Union legislation or the national law of the Member State concerned, or to international agreements to which the Union or the Member State concerned is party, providing for protection of designations of origin and geographical indications;
 - (j) trade marks which are excluded from registration pursuant to Union legislation or international agreements to which the Union is party, providing for protection of traditional terms for wine;

- (k) trade marks which are excluded from registration pursuant to Union legislation or international agreements to which the Union is party, providing for protection of traditional specialities guaranteed;
 - (l) trade marks which consist of, or reproduce in their essential elements, an earlier plant variety denomination registered in accordance with Union legislation or the national law of the Member State concerned, or international agreements to which the Union or the Member State concerned is party, providing protection for plant variety rights, and which are in respect of plant varieties of the same or closely related species.
2. A trade mark shall be liable to be declared invalid where the application for registration of the trade mark was made in bad faith by the applicant. Any Member State may also provide that such a trade mark is not to be registered.
 3. Any Member State may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid where and to the extent that:
 - (a) the use of that trade mark may be prohibited pursuant to provisions of law other than trade mark law of the Member State concerned or of the Union;
 - (b) the trade mark includes a sign of high symbolic value, in particular a religious symbol;
 - (c) the trade mark includes badges, emblems and escutcheons other than those covered by Article 6ter of the Paris Convention and which are of public interest, unless the consent of the competent authority to their registration has been given in conformity with the law of the Member State.
 4. A trade mark shall not be refused registration in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration, following the use which has been made of it, it has acquired a distinctive character. A trade mark shall not be declared invalid for the same reasons if, before the date of application for a declaration of invalidity, following the use which has been made of it, it has acquired a distinctive character.
 5. Any Member State may provide that paragraph 4 is also to apply where the distinctive character was acquired after the date of application for registration but before the date of registration.

C. Cases

1. EU—CJEU—Can a trademark for the shape of a single tire groove be registered?

In *Yokohama Rubber Co. Ltd v. Pirelli Tyre SpA*,² the Court of Justice upheld the General Court’s judgment that a trademark for the shape of a groove in a tire was indeed capable of registration, on the basis that the single groove did not create any technical result. The case concerned the joint appeals to the CJEU by Yokohama Rubber Co. Ltd (“Yokohama”) and the EUIPO.

In October 2002, Pirelli Tyre Spa (“Pirelli”) successfully registered an EU trademark comprising an L-shaped figurative sign (as reproduced below), for goods in Class 12 including “tyres, solid, semi-pneumatic and pneumatic tyres, rims and covers for vehicle wheels of all kinds, vehicle wheels of all kinds, inner tubes, wheel rims, parts, accessories and spare parts for vehicle wheels of all kinds.” The mark as registered represents a single groove of a tire tread on a tire.



In September 2012, Yokohama applied to invalidate the trademark on the ground that it consisted exclusively of a shape necessary to obtain a technical result (Article 52(1)(a) of the 2009 EUTM Regulation, now Article 7(1)(e)(ii) of the 2017 EUTM Regulation). Yokohama also argued that the trademark was devoid of distinctive character (Article 7(1)(b) of the 2009 EUTM Regulation, now Article (1)(b) of the 2017 EUTM Regulation). The Cancellation Division of the EUIPO agreed with Yokohama and declared the mark invalid based on Article 7(1)(e)(ii) of the 2009 EUTM Regulation but did not decide whether the trademark was also devoid of distinctive character.

Pirelli appealed this decision to the Fifth Board of Appeal of the EUIPO, which upheld the appeal in part, and annulled the decision of the Cancellation Division only in so far as it had declared the

² Cases C-818/18 P and C-6/19 P (CJEU, June 3, 2021) (EU:C:2021:431).

mark invalid for “rims and covers for vehicle wheels of all kinds.” The Board of Appeal dismissed Pirelli’s appeal in relation to the remaining goods.

In reaching its decision, the Board of Appeal considered that, in light of the evidence submitted and the goods in question, “it [was] clear that the sign represent[ed] a tyre tread and, thus, the (perhaps) most crucial part of the contested goods . . . at least from a technical perspective.” Second, the Board of Appeal noted that the main feature of the mark at issue was an L-shaped groove with the following essential characteristics: an approximately 90° angle, a curved segment, and two sides shifting from pointy to thick. Third, the Board of Appeal decided, in essence, that it was clear from the evidence submitted by Yokohama that the sign at issue played an essential role in the proper functioning of the tires in terms of facilitating efficient traction, breaking, and comfort.

Pirelli subsequently appealed to the General Court and argued that the decision of the Board of Appeal should be annulled on the basis that:

1. the mark did not consist exclusively of the shape of the goods concerned and could not therefore be refused on the basis of that provision; and
2. the essential characteristics of that mark were not all exclusively functional.

The General Court allowed Pirelli’s appeal and agreed that the trademark was not invalid for being a shape necessary to obtain a technical result. Specifically, the Court noted that the evidence submitted by Yokohama and examined by the Board of Appeal did not “establish that a single groove, in the shape identical to that represented by the [mark] is capable of producing the technical result accepted in the [decision].”

In reaching its decision, the General Court held that the scope of Article 7(1)(e)(ii) of the 2009 EUTM Regulation was not limited solely to signs formed exclusively of the shape of goods as such but could extend to signs consisting of the shape of a part of a product that is necessary to obtain a technical result, where that shape represents, quantitatively and qualitatively, a significant part of that product.

Moreover, the General Court confirmed that the registration was not liable to prevent Pirelli’s competitors from making and marketing tires that incorporate an identical or similar shape to that represented by the trademark when such shape is combined with other elements of a tire tread, creating, in conjunction with those elements, a shape that is wholly different. Both Yokohama and the EUIPO appealed to the CJEU.

Appeal to the CJEU

Yokohama submitted two grounds in support of its appeal:

- (1) the General Court incorrectly applied Article 7(1)(e)(ii) of the 2017 EUTM Regulation by holding that the mark at issue does not represent the shape of the goods
- (2) the General Court made an error of assessment, leading to a distortion of the facts, in that it rejected as irrelevant the evidence produced by Yokohama before EUIPO and examined by the Board of Appeal.

The second appellant, the EUIPO, submitted a single ground in support of its appeal, alleging that the General Court misinterpreted the ground for refusal of registration set out in Article 7(1)(e)(ii) of the 2017 EUTM Regulation by making it subject to the condition that the part of a product represented by a sign must be quantitatively and qualitatively significant.

The CJEU dismissed the appeals in their entirety, holding the trademark valid. Specifically, the CJEU noted that the trademark registration was not for “a representation of a tyre tread” but rather a shape that could be a single groove in a tyre tread. According to the CJEU, this was not in itself capable of producing the intended technical result of the product. Moreover, the CJEU held that Yokohama had not indicated precisely which elements were distorted by the General Court and that the General Court did not err in law in deciding that the Board of Appeal of EUIPO had unlawfully added to the shape of the mark at issue, elements that did not form part of it.

Further, the CJEU approved the General Court’s finding that the trademark registration did not prevent Pirelli’s competitors from marketing tyres that incorporate an identical or similar shape and that the groove at issue did not appear in isolation on the Pirelli tyres but “repeatedly and criss-crossed on the tyre tread to the point where it creates a shape which is different from the shape of the initial individual groove.”

While the conclusions drawn by the CJEU did not serve to render the trademark invalid (because it was not for a functional shape), they do raise questions about whether the trademark will be difficult to enforce, or possibly even maintain through genuine use.

2. EU—CJEU—Can a combination of non-distinctive and/or descriptive elements constitute an “unusual” combination such as to create a distinctive mark?

In *smart things solutions v. EUIPO*,³ the CJEU upheld the General Court’s judgment that the EU trademark “smart :) things” registered for goods in Classes 9 (including “smart phones, mobile computing devices, tablets”), 20 (including “furniture, mirrors, picture frames”) and 35 (including “advertising” and “business management”) was invalid on the grounds of descriptiveness and lack of distinctive character. The CJEU held that the smiley emoticon (as represented below) did not divert attention away from the descriptive meaning of the word elements, such that the mark as a whole lacked distinctive character.



In March 2013 smart things solutions GmbH (“Smart Things”) successfully registered the contested mark. Three years later, Samsung Electronics GmbH (“Samsung”) applied to invalidate the trademark on the grounds that the trademark was descriptive and was devoid of distinctive character (Article 52(1)(a) and Article 7(1)(b) and (c) of the 2009 EUTM Regulation, now Article 59(1)(a) and Article 7(1)(b) and (c) of the 2017 EUTM Regulation), in respect of all the goods and services.

The Cancellation Division of the EUIPO rejected Samsung’s application for a declaration of invalidity in its entirety. Samsung subsequently appealed this decision to the Fourth Board of Appeal of the EUIPO, which annulled the Cancellation Division’s decision and declared the contested mark invalid for all of the goods and services in respect of which it had been registered, based on two absolute grounds for refusal—Article 7(1)(c) and Article 7(1)(b) of the 2017 EUTM Regulation.

In reaching its decision, the Board of Appeal considered that, in relation to the first absolute ground for refusal, the word elements “smart things” were descriptive in that they either referred to the intelligent technology or technological sophistication of those goods and services or they were a characteristic of the goods at issue, namely that they were “fashionable” or “chic.”

In respect of the figurative element “:)” the Board of Appeal commented that this was a “positive smiley” that “reinforced the

³ smart things solutions v. EUIPO (EUTM—Order) [2021] EUECJ C-681/20P_CO (March 24, 2021).

message that the goods had positive and advanced features” and that this emoticon was ubiquitous and not a recent phenomenon.

In relation to the second absolute ground for refusal, the Board of Appeal noted that the contested mark lacked distinctive character because of its descriptiveness and “the laudatory connotation of the word element ‘smart’ in conjunction with the laudatory and exclusively positive connotation of the emoticon rendered the sign devoid of distinctive character.”

Smart Things subsequently appealed to the General Court and argued that the decision of the Board of Appeal should be annulled on the basis that:

1. the mark was not descriptive because the word element “smart” and the figurative element “:)” cannot be directly connected with the goods and services covered by that mark, since those two elements are primarily associated with human beings or living beings;
2. the mark was not devoid of any distinctive character, since the mark fulfills the requirements of a minimum degree of distinctiveness;
3. the Board of Appeal incorrectly applied the principles of equal treatment and sound administration insofar as it did not take into account the numerous EU trademarks which it had cited which were similar or almost identical to the contested mark; and
4. the Board of Appeal incorrectly applied the principle that the burden of proof rests upon the applicant for a declaration of invalidity by relying on allegedly well-known facts to conclude that in the period in question the relevant public perceived the contested mark in a certain way.

The General Court dismissed Smart Things’ appeal in its entirety, agreeing with the Board of Appeal’s finding that the contested mark was descriptive of the goods and services in respect of which it was registered because the association of the terms “smart” and “things” “did not represent anything more than a description or characterisation of the things by means of the adjective ‘smart’ or ‘stylish’” and that ‘such a combination was not sufficiently unusual to create a new and clearly different meaning.’

Because of that descriptiveness, the General Court commented that “it cannot be held that that combination of descriptive elements within the contested mark served to create a distinctive mark” and the contested mark did not enable the consumer to determine the origin of the goods. It was therefore devoid of any distinctive character.

Moreover, the General Court noted that the fact that the earlier EU trademark of which Samsung is the proprietor has been registered is wholly without prejudice to the fact that that mark

might also be caught by the absolute ground for refusal in Article 7(1)(c) of the 2017 EUTM Regulation and thus be liable to be declared invalid in the context of invalidity proceedings. Therefore, the General Court held that Board of Appeal did not in any way incorrectly apply the principles of equal treatment and of sound administration.

Lastly, the General Court agreed with the Board of Appeal's finding that the dictionary definitions of the word elements "smart" and "things" had been the same since the date on which the application for registration of the contested mark was filed and that the meaning of the terms concerned had never changed and had been understood by the public from the beginning. The General Court held that "an extract from an online dictionary constituted a source that was generally accessible to the general public in 2012" and "the meanings of the term 'smart' that are set out in that dictionary could be learnt from generally accessible sources and therefore constituted a well-known fact."

Smart Things appealed to the CJEU against the decision of the General Court and submitted the following four grounds in support of its appeal (which it argued raised issues that are significant with respect to the unity, consistency, or development of EU law):

- (1) the General Court incorrectly applied Article 7(1)(c) of the 2017 EUTM Regulation in finding that the contested mark had descriptive character
- (2) the General Court incorrectly applied Article 7(1)(b) of the 2017 EUTM Regulation in finding that the contested mark lacked distinctive character
- (3) the General Court erred in finding that the EUIPO and Board of Appeal did not incorrectly apply the principles of equal treatment and sound administration
- (4) the General Court incorrectly applied the principle of the burden of proof under which the burden of proof rests on the intervener at first instance, Samsung, on the basis of the last sentence of Article 95(1) of the 2017 EUTM Regulation.

The CJEU dismissed the appeal in its entirety, holding that the appeal should not be allowed to proceed. Specifically, the CJEU held that the request submitted by Smart Things was not capable of establishing that the appeal raised an issue that is significant with respect to the unity, consistency, or development of EU law.

In reaching its decision, the CJEU noted that an appellant must demonstrate that the appeal raises one or more issues that are significant with respect to the unity, consistency, or development of EU law and must establish both the existence and the significance of such issues by providing concrete evidence specific to the particular case. The CJEU noted that Smart Things was seeking to call into question the factual assessment made by the General Court

when assessing both the descriptive and distinctive character of the contested mark, but such arguments cannot raise an issue that is significant with respect to the unity, consistency, or development of EU law.

The CJEU held that although Smart Things clearly identified the issues of law that it raised in respect of its pleas, it did not specify, to the requisite legal standard, how the issues were significant with respect to the unity and development of EU law, such as to overcome the burden of proof that rests on the appellant requesting that an appeal be allowed to proceed.

Although the CJEU did not specifically deal with the General Court’s findings regarding descriptiveness and/or distinctiveness of the contested mark, the conclusions drawn by the General Court serve to demonstrate that it may be possible to combine several elements that are non-distinctive and/or descriptive in themselves but that, when combined, the unusual combination creates an impression that is sufficiently far removed from that produced by the mere combination of the meanings of the constituent elements so as to give a distinctive overall impression. However, a difficult task remains in combining such elements to achieve an “unusual” combination and distinctive overall impression.

3. EU—GC—Is a three-dimensional trademark consisting of the shape of a lipstick capable of having distinctive character?

In *Guerlain v. EUIPO*,⁴ the General Court considered an application made by Guerlain for an EUTM for a three-dimensional mark for the shape of a lipstick (as shown below) in relation to lipsticks.



⁴ Case T-488/20 (GC, July 14, 2021).

The registration of the mark was refused on the ground that the mark composed of the shape of a lipstick that did not depart significantly from the norms or customs of the sector concerned, and as such, was devoid of distinctive character. The EUIPO First Board of Appeal later upheld the examiner's decision finding that the shape of the sign was not different from the usual cylindrical shape lipsticks present on the market, and that consumers were used to such oval-shaped containers. Furthermore, the Board found that even if the mark applied-for was different from all other forms, considering multiple forms of lipstick available on the market, it would still be perceived just as a variant. Therefore, the Board stressed that the mark in question would not depart sufficiently, let alone "significantly," from the norms or customs of the relevant sector.

On appeal, the applicant claimed that the Board of Appeal had wrongly applied Article 7(1)(b) of the 2017 EUTM Regulation and that the shape of the mark should be regarded as "revolutionary." In particular, the applicant claimed that the mark composed of a novel and unusual shape of a boat's hull, bassinet or inverted ingot with round edges, and a domed top. Furthermore, the applicant asserted that since the product had no flat surfaces, it could not be placed in an upright position. Therefore, it could not be displayed in the same way as all the other products representing standard forms of a lipstick.

Annulling the contested decision, the General Court first stressed that the assessment of distinctive character of an EU trademark is not based on its originality or novelty but on whether the sign is capable of fulfilling the function of indicating commercial origin. Taking account of the aesthetic aspect of a mark cannot simply amount to an assessment of its attractiveness or lack thereof. Instead, it must be determined whether a product is capable of generating an objective and uncommon visual effect in the eyes of the relevant public.

Further, the General Court clarified that the norms or customs of the relevant sector cannot be reduced to the most common statistical form. The assessment must cover all the shapes that the consumer is accustomed to. However, the presence of a wide variety of product shapes does not automatically mean that a new shape will be perceived as one of them. In this respect, the General Court observed that the arguments of the Board of Appeal were contradictory. On the one hand, the Board held that the relevant market was composed of exclusively cylindrical shapes; on the other hand, the Board claimed that since the relevant market is characterized by a wide variety of shapes, the mark in question will be perceived as one of the many usual shapes of lipstick.

The General Court annulled the contested decision and concluded that the relevant public would be surprised by the easily

memorable shape of the mark and would perceive it as significantly departing from the norms and customs of the cosmetics industry. The Court stressed that the shape of the mark was uncommon for a lipstick, as it is not “semi-cylindrical” due to a lack of flat surfaces. Its shape, resembling the hull of a boat or a bassinet, differed from usual basic geometric shapes available on the market. Unlike all the other shapes, this one does not allow the product to be positioned vertically. This reinforces the unusual visual effect for the relevant public, which along with other factors mentioned above, rendered the mark capable of indicating the origin of the goods concerned.

4. EU—GC—Is a sound of a can opening sufficiently distinctive as an audio trademark?

In the first General Court case concerning a sound mark submitted in audio format, *Ardagh Metal Beverage Holdings v. EUIPO*,⁵ the Court considered an application to register the sound made by the opening of a drinks can, followed by silence and a fizzing sound, as an EU trademark.

The applicant, Ardagh Metal Beverage Holdings GmbH & Co. KG, a company based in Germany, had applied to register the mark in relation to goods in Classes 6, 29, 30, 32, and 33, including various drinks and metal containers for storage or transport. The application had been refused on the grounds that it was non-distinctive, a decision later upheld by the EUIPO Second Board of Appeal.

On appeal, the applicant claimed the Board of Appeal had wrongly applied Article 7(1)(b) of the 2017 EUTM Regulation by incorrectly assuming that the mark applied for must depart significantly from the norms or customs of the relevant sector in order to fulfill its trademark function, a criterion that had been laid down in relation to three-dimensional trademarks. The applicant also stressed that a minimum degree of distinctiveness is sufficient to avoid an absolute ground for refusal and that this rule fully applies to sound marks.

Dismissing the applicant’s claim in its entirety, the General Court first emphasized that the criteria for assessing the distinctive character of sound marks do not differ from those applicable to other categories of marks. A sound mark must have a certain resonance that enables the target consumer to perceive it as a trademark and not as a functional element or as an indicator without any inherent characteristics. At the same time, the General Court agreed that case law relating to three-dimensional marks cannot, in principle, be applied to sound marks. Referring to the *EUIPO/Wajos*⁶

⁵ Case T-668/19 (GC, July 7, 2021), not published in English.

⁶ Case C-783/18 P (CJEU, December 12, 2019).

judgment, the Court explained that the average consumer's perception of a trademark will not necessarily be the same in the case of a three-dimensional trademark, consisting of an appearance of the goods or their packaging, as in the case of a word, figurative or sound mark. This is because the latter do not reflect the external appearance or shape of goods. However, even though the EUIPO incorrectly applied the case law, the Court found it did not have a decisive influence on the outcome of the proceedings.

Further, the General Court stated that the sound mark applied-for would be perceived by the relevant public as a purely technical and functional element of the goods in question. The Court stressed that the opening of a can or bottle is inherent to a technical solution connected to the handling of drinks for their consumption, irrespective of whether the drinks are carbonated or not. The sound of fizzing bubbles, in turn, will be immediately associated with drinks. The General Court found that the sound elements and the silence of approximately one second between them, taken as a whole, was not inherently distinctive. Such elements were not resonant enough to be distinguished from comparable sounds in the field of drinks. As a result, the Court agreed with the EUIPO that the sound mark sought would not be perceived as an indication of commercial origin by the relevant public.

Lastly, the General Court refuted the Board's findings that it is unusual for a sound to indicate commercial origin on the relevant market, because the goods in question are generally noiseless (at least until they are consumed). The Court pointed out that most goods are, in fact, noiseless and produce a sound only when they are consumed. This, however, does not automatically mean that the use of sounds to signal the commercial origin of goods on this particular market is unusual. Nonetheless, the Court concluded that any error on EUIPO's part in that regard could annul the contested decision, since it did not have a decisive influence on the outcome of the proceedings.

5. EU—GC—Is a combination of two colors distinctive?

In *Andreas Stihl v. EUIPO—Giro Travel Company*,⁷ the General Court considered a 2011 EU trademark registration held by Andreas Stihl AG & Co. KG, registered in respect of chainsaws in Class 7 and consisting of a combination of colors, identified as “orange (RAL 2010)” and “grey (RAL 7035)”:

⁷ Case T-193/18 (GC, March 24, 2021).



The registration contained the following description: “The colour orange is applied to the top of the housing of the chain saw and the colour grey is applied to the bottom of the housing of the chain saw.”

In 2015, the intervener, Giro Travel Company, filed an application for a declaration of invalidity of the registration, arguing that the mark was not capable of serving as a badge of commercial origin. In particular, the intervener argued that the mark did not satisfy the criteria established in *Sieckmann*,⁸ stating that the representation of the two colors was not clear, precise, self-contained, durable, and objective. The intervener also pointed out that the combination of colors in question was commonly used on the relevant market, and so the relevant public was not likely to perceive it as a trademark. The Cancellation Division rejected the application for a declaration of invalidity in its entirety, stating that the graphic representation and the verbal description of the sign made it possible to identify a systematic arrangement in which the colors were used in a predetermined and uniform way. The intervener appealed the decision.

In 2018, the Second Board of Appeal upheld the appeal and declared the mark invalid. The Board found that the description of the mark was not in itself sufficiently clear, precise, self-contained, easily accessible, intelligible, or objective and that the scope of protection of the mark was unclear. The Board stated that the mark’s representation allowed for several different combinations of the two colors.

On appeal, the General Court first recalled that a graphic representation of a trademark consisting of two or more colors, designated in the abstract and without contours, must be systematically arranged by associating the colors concerned in a predetermined and uniform way. Referring to the CJEU’s decision in *Heidelberger Bauchemie*,⁹ the Court stressed that a mere juxtaposition of two or more colors, without shape or contours, or a

⁸ Ralf Sieckmann v Deutsches Patent- und Markenamt, Case C-273/00 (CJEU, December 12, 2002).

⁹ Case C-49/02 (CJEU, June 24, 2004).

reference to two or more colors “in every conceivable form” does not comply with precision and uniformity criteria laid out by the EUTM Regulation. This is because such representations would allow numerous different combinations, preventing the consumers from perceiving them as a badge of origin, and making it impossible for competent authorities to understand the scope of protection afforded to the mark owner.

However, this was not the case for the mark at issue. The Court found that, although the two colors did not have contours giving them a particular shape, the description of the application specified that the trademark took the form of a part of a chainsaw housing. In addition, the description clarified that the upper part of the housing is orange, while its lower part is gray. This clarification, the Court stated, places a greater limit on the shapes that the chainsaw housing may take. Consequently, it could not be considered that the colors forming the examined mark took “all conceivable shapes” and did not comply with the precision and uniformity criteria.

The General Court found that the registration must be regarded as having a systematic arrangement associating the colors concerned in a predetermined and uniform way. The description of the mark enabled the customer to perceive and remember a particular color combination and to recognize a particular product at the time of purchase. The mark was, therefore, capable of acting as a badge of origin and valid accordingly.

6. EU—GC—Does a clever slogan have a sufficient level of distinctiveness or is it a mere promotional statement?

The General Court’s decision in *Oatly v. EUIPO*¹⁰ concerned an application made by Oatly AB for an EU trademark for the word mark IT’S LIKE MILK BUT MADE FOR HUMANS in relation to goods in Classes 18, 25, 29, 30, and 32, including non-dairy foods and beverages.

In 2019, the application was refused for some of the goods in Classes 29, 30, and 32 on the grounds that the sign was devoid of distinctive character as it would be perceived by the relevant English-speaking public as a laudatory promotional slogan, simply highlighting the positive aspects of the applicant’s products. The EUIPO Fifth Board of Appeal upheld the examiner’s decision, finding that the first part of the mark applied for (IT’S LIKE MILK) indicated that the goods marketed were or contained milk substitutes and, secondly, that the second part of that mark (BUT MADE FOR HUMANS) made clear that they were more apt for human consumption. The Board stated that the mark applied-for

¹⁰ Case T-253/20 (GC, January 20, 2021).

simply indicated the positive aspects of those goods, especially their suitability for vegans and consumers suffering from lactose intolerance or allergies. Further, the Board held that, first, the mark applied for contained no other elements that would be capable of endowing it with distinctive character and, secondly, that its overall length was liable to prevent it from being perceived as a mark.

On appeal, the applicant claimed the Board of Appeal had wrongly applied Article 7(1)(b) of the 2017 EUTM Regulation and incorrectly identified the relevant public by focusing on vegans or consumers who were lactose intolerant. Instead, the applicant argued, the Board should have taken into account the general public's perception of the mark. The applicant stressed that the general public perceives milk to be a healthy and nutritious staple food. As a result, the phrase "it's like milk but made for humans" calls into question the relevant consumers' perception of milk as a substance intended for human beings by evoking the controversial idea that milk is not appropriate for human consumption. Consequently, that phrase, taken as a whole, was original, imaginative, paradoxical, surprising, thought provoking and unexpected and was therefore capable of performing the essential function of a trademark.

Annuling the contested decision, the General Court analyzed the mark in detail, stressing that the consumer would perceive an opposition between the first part of the mark (IT'S LIKE MILK) and the second part of the mark (MADE FOR HUMANS). As a result, the mark conveyed not only the idea that the goods at issue, which are foodstuffs, are akin to milk and are intended for human consumption, but also the idea that milk itself is not. The Court thus agreed with the applicant that that the mark applied for called into question the commonly accepted idea that milk is a key element of the human diet. This was not changed by the fact a (non-negligible) part of the relevant public avoids consuming dairy products (such as vegans or consumers who are lactose intolerant). Therefore, in the Court's opinion, the message conveyed by the mark was capable of setting off a cognitive process in the minds of the relevant public making it easy to remember. As a result, the Court found that the mark applied-for is capable of distinguishing the applicant's goods from goods that have another commercial origin.

7. Germany—Federal Patent Court—What is the effect of “disemvowelling” on distinctiveness and consumer perception?

In this case,¹¹ the applicant had filed a trademark CNDY BRZ seeking registration for (in summary) tobacco, smoking articles, and related goods and services.

The German Patent and Trade Mark Office rejected the application based upon a lack of distinctive character. Analyzing the mark, the omission of vowels (so-called disemvoweling), is a popular play on words that was not only a feature of Short Message Service (“SMS”) language but has also become a popular abbreviation trend in advertising practice. Therefore, the public has become skilled in reading words without vowels and understands the sign applied for in the sense of “candy breeze,” meaning candy floss, candy/sugar breeze, cotton candy, or candy note.

Further, the PTO pointed out that the smoking industry is adapted to a multitude of flavors as well as to constantly new aroma creations as well as neologisms and flowery expressions. The PTO assumed that the public will take from the word mark CNDY BRZ only the descriptive reference to the flavor “hint of rock candy” of the smoking products claimed. In the case of the smokers’ articles, the sign applied for indicates that they are suitable for storing tobacco with this flavor. In the case of trade services, it indicates that they specialize in this flavor. Furthermore, there was a need to keep the mark free, since the applicant’s competitors should also be able to refer to the aroma and intended purpose of their goods and the orientation of their services.

The applicant appealed to the German Federal Patent Court, arguing that only in simple cases of “disemvowelling” could the target public automatically infer the term behind it. The term “Cndy Brz” would not automatically be associated with “Candy Breeze,” as there are many other terms that could be considered, so that it required several steps to arrive at the meaning “candy breeze.”

After it had been pointed out in a court letter, enclosing search documents, that the word mark applied for was not considered protectable for the goods sought, the applicant restricted the list of goods and services to “charcoal for water pipes.” The applicant ultimately agreed to restrict the list of goods and services to “charcoal for water pipes.” For these goods alone, the German Federal Patent Court confirmed distinctiveness. The Court pointed out that the two consonant sequences “Cndy” and “Brz” were not lexically verifiable. Nevertheless, they were recognizable as created by the omission of vowels through “disemvowelling.” It was recognized that tests have shown that the human brain does not

¹¹ Case No. 26 W (pat) 576/18 (German Federal Patent Court, February 1, 2021).

necessarily need vowels to understand text and some languages (such as Arabic and Hebrew) have no vowels.

The Court and the trademark office had recognized that this written “abbreviation” trend was already established by the time the trademark CNDY BRZ was filed. In the tobacco industry in particular due to the EU Tobacco Products Directive, which restricts reference to the flavor or aroma of tobacco products, such as fruits, spices, herbs, alcohol, sweets, menthol, or vanilla. The tobacco industry had responded by using either numbers or fantasy names, such as “Sunshine” for the flavor “Citrus Fruit” or “Opal” for the flavor “Grape,” or by omitting certain letters, such as “LMN Fresh” for “Lemon Fresh” and “Sweet Meli” for “Sweet Melon.” In light of the foregoing, the specialized domestic public would perceive the sign applied for as an indication of a flavor of the tobacco products.

Therefore, the Court assumes that the public will neither spell out CNDY BRZ nor pronounce it in context but mentally add vowels to be able to articulate it. In doing so, the public will add the vowel “a” to the consonant sequence “Cndy” to form “candy” for “sweet, snack; confectionery; rock candy,” a noun that has a linguistic proximity to the German synonym *Kandis*, because other vowels do not produce a meaningful German or English term of taste. The consonant sequence “Brz” would be perceived by inserting the vowels “e” to the English noun “Breeze” for “breeze; breath; breeze.” Even though this word is not part of the basic English vocabulary, it was almost identical in sound to the German translation *Brise* (breeze) and the domestic trade involved in international trade could be assumed to know and understand terms in English.

Therefore, in the view of the Court, at the time of application, the trade public as a whole had no difficulty in equating the word mark applied for, “Cndy Brz,” with the English word sequence “Candy Breeze” and therefore perceived it in the context of tobacco products in the sense of “candy breeze” and thus as an indication of taste. For the product “charcoal for water pipes” in Class 4, however, the mark would be distinctive because there would not be the same association with flavor or taste and the public does not expect charcoal to develop an aromatic odor when burning. The main properties of “charcoal for water pipes” are the long burning time, the ignition behavior, the burning homogeneity, and the ash development, none of which had an association with the mark applied for.

8. Denmark—The Danish Eastern High Court—Was a descriptive reference to color inextricably linked to the goods and services applied for?

On September 22, 2021, the Danish Eastern High Court (“EHC”) delivered its judgment in the appeal proceedings of Case No. BS-

40759/2019-OLR between DK Company A/S (“DKC”) and the Danish Board of Appeal for Patents and Trademarks (“DKPTO”) relating to the registrability of DKC’s word mark CREAM as a trademark covering, inter alia, goods in Class 18 and Class 25 of the Nice Classification.

Since 2004, DKC has marketed and sold women’s clothing under the trademark. On January 15, 2013, DKC filed an application for registration of the trademark for a variety of goods in Class 18 (tote bags, etc.) and Class 25 (clothing, footwear, and headgear), as well as services in Class 35 (retail).

The DKPTO, the Board of Appeal for Patents and Trademarks (“DKBOA”) and the Maritime and Commercial Court (“MCC”) all considered the mark registrable in Class 35 but refused registration in Class 18 and 25 on the following grounds.

The DKPTO initially refused registration in light of the mark being described in dictionaries (“Ordbogen.com” and *Gyldendals Red Dictionary* (English-Danish)) with the meaning of “cream” indicating a color (e.g., “cream-colored”) and furthermore disclosed examples of other clothing retailers using the word “cream” as an indication of the color of their products. On that basis, the DKPTO found that the word “cream” could indicate a characteristic of the goods applied for and was therefore refused as being devoid of distinctive character. Although DKC argued that the mark had acquired distinctiveness through use, the DKPTO dismissed the adduced evidence as insufficient. The decision was appealed by DKC, but the DKBOA upheld the decision relying on the same grounds as DKPTO.

The decision of the DKBOA was then appealed to the MCC, which found that no new evidence had been presented and upheld the earlier decisions by judgment of August 29, 2019. DKC thus ultimately brought the case before the EHC.

The EHC stated that Section 13(2)(1) of the Danish Trademarks Act¹² must be interpreted in accordance with the corresponding provision of the 2008 Trademark Directive,¹³ Article 3(1)(c) Article 4(1)(d) and the corresponding provision of the 2009 TM Regulation,¹⁴ Article 7(1)(c), Article 7(1)(d)), and the interpretation of the CJEU and the General Court thereof.

Referring to two recent judgments from the General Court, *Vita*¹⁵ (which means “white” in Swedish), rendered on May 7, 2019, i.e., before the MCC’s judgment, and the later *Off-White*,¹⁶ rendered on June 25, 2020, i.e., after the MCC’s judgment, the EHC found

¹² Now Section 13(1)(4).

¹³ Now replaced by the 2015 TM Directive.

¹⁴ Now the 2017 TM Regulation.

¹⁵ Case T-423/18 (GC, May 7, 2019).

¹⁶ Case T-133/19 (GC, June 25, 2020).

that an applied-for trademark that could be perceived as an indication of color was to be regarded as devoid of distinctive character *only* if the indication of color constituted an inherent characteristic, that was *inextricably linked* to the goods and services applied for.

The EHC held that it could not be assumed that the color “cream” was an inherent characteristic inextricably linked to goods in Class 18 and Class 25, but that that color was a purely incidental aspect, possibly covering only a fraction of the goods and, in any event, having no direct and immediate link with their character.

The EHC found that the fact the goods in question might appear more or less regularly in the color “cream” among other colors had to be regarded as irrelevant in the assessment. This was given the fact that in the EHC’s view, it could not reasonably be assumed that, by reason of that fact alone, the color “cream” would actually be recognized by the relevant public as a description of an intrinsic quality, that was inextricably linked to the nature of those goods.

Hence, the EHC considered that the trademark should not have been excluded from registration in Class 18 and Class 25 pursuant to Section 13(2)(1) (now Section 13(1)(4)) of the Danish Trademarks Act). The EHC thus held that the trademark fulfilled the distinctive character requirements laid down by the cited case law from the General Court of the EU for the registration of a sign as a trademark. The DKBOA was ordered to acknowledge that DKC’s trademark was to proceed to registration for all the goods applied for.

The EHC’s judgment establishes that based on the more recent case law from the General Court (the *Off-White* decision being rendered after the MCC’s judgment in the above case) it is (no longer) enough for the DKPTO to produce examples of goods being marketed with a particular characteristic. Further, the judgment opens the door to the possibility of registering certain trademarks pertaining to possible characteristics (at least in a suggestive manner), which the DKPTO previously have been reluctant to register. It also demonstrates the Danish court’s diligence of taking into account judgments from the EU Courts that in a situation such as the present (wherein the examination is limited) strongly affect the DKPTO’s assessment in situations where the mark in itself may be deemed suggestive in its nature.

9. Germany—Federal Patent Court—The test for protection of the name of a famous person should be no different from that for other marks

In this case,¹⁷ the applicant had filed the below figurative trademark for “coffee”:



The German Patent and Trade Mark Office rejected the application for a lack of distinctive character. The Office considered that the word element of the sign applied for consisted of the surname of the world-famous personality Wolfgang Amadeus Mozart and the term “coffee.” The music of Mozart remains popular throughout the world, frequently performed at music events and festivals specifically devoted to Mozart’s music. Various merchandising products are regularly offered for sale at such events, which included the sale of “coffee” in the usual merchandising products. The relevant public would therefore perceive the sign applied for merely as a descriptive reference to corresponding merchandising products or as a reference to the theme of event in question. The examiner also referred to a decision of the Federal Patent Court on the registration of the name “Richard Wagner” (see more below).¹⁸ Moreover, the public was also familiar with similar designations such as “Mozart Bowls” or “Mozart Pies.”

The applicant appealed to the Federal Patent Court, which overruled the PTO’s decision. The German PTO had correctly pointed out that the Court had taken the view in a comparable case (the “Richard Wagner ingot”) that the absolute grounds for refusal, including the ground of lack of distinctive character, were to be interpreted in the light of the public interest, so that the names of famous personalities from contemporary history should not be monopolized as a trademark if competitors had a legitimate commercial interest in the use of that name in a corresponding goods and/or services context. In that decision, the Court had ruled that the name “Richard Wagner” in connection with the “soaps” and

¹⁷ Case No. 25 W (pat) 546/20 (German Federal Patent Court, March 15, 2021).

¹⁸ Case No. 25 W (pat) 560/12 (German Federal Patent Court, February 3, 2014)—*Richard Wagner ingot*.

“chocolate goods,” which were commonly sold at festivals and events related to another famous composer, Richard Wagner, lacked distinctive character. For the Court, this would also apply to word combinations in which the famous name is combined with a purely product-related reference (“Richard Wagner *ingot*”) since both soaps and chocolate are commonly sold in “ingot.”

However, the Federal Patent Court has now indicated it will depart from this case law, citing numerous decisions of the German Federal Supreme Court¹⁹ and the German Federal Patent Court,²⁰ which have established, in the opinion of the Court, that for signs that are (essentially) the names of famous persons, in principle standards should be consistent with the test for other signs. As such it is only if the public understands a personal name *exclusively* as a descriptive indication of goods or services that it would lack distinctive character.

Citing its decision in *Neuschwanstein*,²¹ the German Federal Supreme Court took the view that a word mark would not lack distinctive character merely because it was the designation of an important cultural asset. Following this, the question whether the composer Wolfgang Amadeus Mozart or his work is part of the collective cultural heritage is not relevant for the decision in the present case.

On this basis, the mark sought did not lack inherent distinctive character. In particular, the word/figurative sign “Mozart Kaffee” does not establish a close descriptive relationship to the goods claimed in Class 30, namely “*coffee*.” For concerts and music festivals at which works by the composer Wolfgang Amadeus Mozart are performed, the Court was not able to make sufficiently specific findings to prove that the product “coffee” would have a special meaning in this respect that is generally known to the public. Neither in general linguistic usage nor in gastronomy or in the food industry is a specific, product-related meaning attributed to the name “Mozart” in this respect. While the Court noted that some cafés, which are mainly located in the region of Upper Bavaria and in Austria, offer a hot drink containing coffee under the name “Mozart Kaffee,” these coffee preparations are offered only by individual cafés, and the way in which the coffee is prepared varies. Therefore, in the Court’s view, it cannot be established with sufficient certainty that a linguistic understanding has developed within the professional circles of the catering trade to the effect that a “Mozart Kaffee” is a coffee speciality. Nor does the fact that the relevant public is familiar with the terms “Mozartkugel” and

¹⁹ E.g., Case No. I ZB 34/17 (German Federal Supreme Court, February 14, 2019)—*Kneipp*.

²⁰ E.g., Case No. 29 W (pat) 21/19 (German Federal Patent Court, June 15, 2020)—*Fritz Walter*.

²¹ Case No. I ZB 13/11 (German Federal Supreme Court, March 8, 2012)—*Neuschwanstein*.

“Mozarttorte” as product designations give rise to a different decision. The Court even speculated that the composer Mozart may have liked to drink a lot of coffee, but he was not known for his preferred consumption of a particular type of coffee, nor for his preferred consumption of a particular coffee speciality. Insofar as the name “Mozart” in connection with the product “coffee” triggers diffuse associations in the mind of the public, such as thoughts of elegant and traditional Viennese or Salzburg coffeehouses, such descriptive echoes are not sufficient for the affirmation of a ground for refusal. Consequently, the sign qualified for registration as a trademark.

10. Austria—Austrian Supreme Court—Did the relevant public directly associate ordinary English words with the nature, type, or quality of the goods and services referred to?

In this decision,²² the applicant applied for registration of trademarks for the word “myflat” and the below figurative trademark on December 4, 2019, each for goods and services in Nice Classes 9, 35, 36, 42, and 45:



The Austrian trademark office dismissed both applications for lacking distinctiveness, since the term “myflat” would be translated and understood by the relevant public as “my apartment” and would lack distinctiveness in respect of goods and services related to apartments (flats). On appeal, the Court of Appeal confirmed that assessment. The signs were neither peculiar in their composition nor vague in their meaning, nor could the figurative component of the word-figurative mark establish distinctiveness.

The applicant appealed to the Austrian Supreme Court, arguing that the Court of Appeal had failed to properly apply the relevant law. The Supreme Court emphasized that signs devoid of distinctive character are unregistrable. A trademark is distinctive as an indicator of origin only if it is capable of identifying the goods or

²² Austrian Supreme Court, 28.09.2021, 4Ob153/21k.

services for which registration is sought as originating from a particular undertaking and thus distinguishing those goods or services from those of other undertakings. A trademark is devoid of distinctive character if the relevant public understands it as mere information about the type of goods or services marked with it, but not as an indication of their origin. Further, a trademark is descriptive if the relevant public can easily understand the content as an indication of the goods or services it designates, rather than as an indication of origin. The relevant public must be able to establish “immediately and without further reflection a concrete and direct relationship between the sign in question and the goods and services covered by the applications for registration.”²³ However, if the relationship between the goods/services and the sign can only be established by means of “special conclusions” or “mental operations,” then the registration of the sign is permitted even without a reputation.

The assessment of distinctiveness must be assessed on the context of the specific goods and services for which the sign has been applied. It might be argued that the Austrian Supreme Court applied a rather generous standard when examining the grounds for refusal of registration of lack of distinctiveness. In a sign composed of a word and a picture, the word component is usually dominant in the overall impression. In the case of several words, there may still be a dominant word component. Such rules should also apply to words that belong to the basic vocabulary of known foreign languages, namely English.

The Austrian Supreme Court cited one of its previous decisions, the *MyTaxi II* decision,²⁴ which considered the following mark:



The application for registration of the word and figurative trademark My TAXI was refused for services in Class 38 (telephone exchange in the context of a call center, namely transmission of telephone calls for the purpose of arranging cabs), but granted for Classes 35 (advertising, business management, business

²³ Case No. C-326/01 P (CJEU, February 5, 2004)—*Universaltelefonbuch*, para. 33; Case C-494/08 P (CJEU, March 4, 2010)—*Pranahaus*, para. 29.

²⁴ 4 Ob 49/14f.

administration, office work) and 41 (organization of events for entertainment). In respect of the services in Class 38, the Austrian Supreme Court stated that it was to be expected that the relevant public would understand the word and figurative trademark in its word part exclusively as a descriptive reference to the designated service (assistance in finding a free cab) without further considerations and intermediate mental steps. On the other hand, the services in Class 41 (organization of entertainment events) and Class 35 (advertising, business management, business administration, office work) were different, because the sign applied for was not directly associated in the mind of the public with the nature or character of entertainment events, or the services mentioned in Class 35 and therefore had no descriptive content.

By applying these principles to the MYFLAT trademarks, the contested decision was upheld insofar as it concerned services in Class 35 (services of a property developer, namely organizational preparation of construction projects) and Class 36 (real estate; real estate brokerage; real estate management services; real estate management in the handling of real estate transactions; consultancy in real estate matters; computer-aided provision of information on real estate; services of real estate agencies; consultancy on real estate). For such services, the marks sought were not distinctive because the relevant public would understand the dominant word part exclusively as a descriptive reference to the services designated in connection with the construction, management, or brokerage of real estate, without further considerations and intermediate mental steps. Indeed, the services in Classes 35 and 36 relate to the core areas of the construction and real estate industry. The graphic part of the word and figurative mark did not change this understanding, since such graphic elements did not decisively determine the overall impression of the trademark. The graphic elements receded into the background compared with the word element of the mark and could not create an independent distinctive character.

Although the applicant had argued that the word “flat” could be translated in many different ways (also meaning level, fixed fee, etc.) the Supreme Court found that the word “flat” was not to be registered in isolation, but rather (only) in combination with the easily translatable possessive pronoun “my,” which had a decisive influence on the relationship between the easily translatable sign (“my apartment”) and the goods and services covered by the applications. The Austrian Supreme Court confirmed the decision of the Court of Appeal insofar as the signs for Classes 35 and 36 are not to be registered.

However, with respect to the goods and services in Class 9 (software; software and software applications for mobile devices); Class 42 (design of computer software; rental of computer software;

maintenance and repair of software; hosting of platforms on the Internet; provision of temporary use of web-based software; provision of temporary use of web-based applications) and Class 45 (legal services) the respective assessment of the distinctive character had a different outcome.

The Austrian Supreme Court ruled that the signs applied for were not directly associated by the relevant public with the nature, type, or quality of the goods and services referred to in these classes and therefore did not have any directly descriptive content. Although computer software or legal services may also be offered in connection with the construction, management, or brokerage of real estate, a (translated) sign “my apartment” was not descriptive. In the case of legal and IT-related services, the relationship between the respective service and the sign could only be established by way of special inferences or thought so the mark was registrable with regard to Classes 9, 42, and 45.

11. Benelux—Court of Appeal—The Hague (The Netherlands)—Was the shape of a “coin-pocket” on jeans valid and sufficiently distinctive?

In its decision of March 9, 2021, the Court of Appeal of The Hague in *Diesel/Calvin Klein*²⁵ confirmed that Diesel’s “coin-pocket” trademark is valid and that the distinctive character test derived from case law in respect of shape marks did not apply to it.



Diesel markets jeans with a so-called “5-pocket” design, with one of these pockets being a small rectangular pocket partially above and partially in the right front pocket of the jeans: the so-called “coin-pocket.” Diesel owned the above Benelux trademark for a label on such pocket and claimed that Calvin Klein infringed that trademark through the sale of jeans incorporating a similar element. Calvin Klein counterclaimed that the trademark lacked distinctive character and was thus invalid.

²⁵ Court of Appeal The Hague, March 9, 2021, ECLI:NL:GHDHA:2021:1344 (*Diesel/Calvin Klein*).

One of the points of discussion in the case was whether the mark could only be distinctive *ab initio* if it departed significantly from what is customary in the relevant trade/sector. The Court of Appeal considered that this was not the case. With reference to the CJEU's decision in *Aktiebolaget Östgötatrafiken*,²⁶ the Court of Appeal considered that the requirement to depart significantly from the norm was a distinct requirement that applied only to shape marks and not to the mark at issue, since the product to which the sign is intended to be applied was only depicted in dotted lines in order to indicate both the location where the trademark would be applied and the outline thereof. The Court of Appeal confirmed that this case law does apply if the sign at issue depicts the product (in its entirety and not a sign applied thereto) by a simple reproduction of lines and the outline thereof.

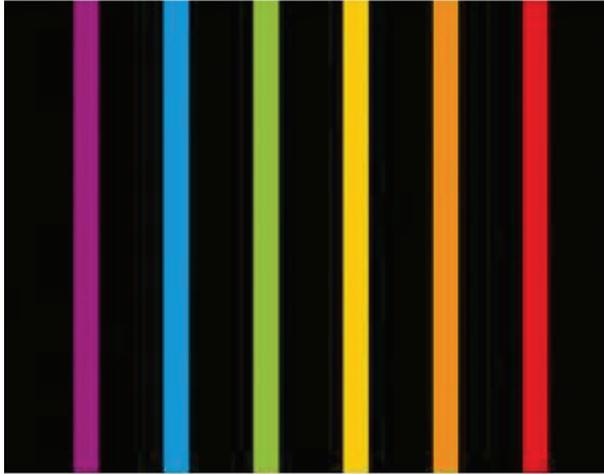
The Court of Appeal held that the trademark at issue can serve to distinguish the origin of the jeans and had inherent distinctive character. In this respect, the “slanting placement” of the strip on the below part of the visible part of the coin pocket was relevant. With this, the placement was (even significantly) different from what was common in the relevant sector for labels on coin pockets of jeans or pants. It does not concern an obvious placement of a simple geometric sign. The Court of Appeal also took into account that for jeans it is common to apply indications denoting the origin on the outside of the product and that the public is well used to this. Although a trademark can also fulfill another function in addition to the origin function and can also be perceived as an embellishment, this does not mean that this trademark does not have any distinctive character.

12. Austria—Austrian Supreme Court—What are the correct principles for the registrability of “contourless” color trademarks?

This case²⁷ considered an application dated March 18, 2020, by which the applicant sought registration of the following color trademark in respect of a wide range of goods and services in Nice Classes 1, 2, 6, 7, 8, 9, 16, 19, 20, 24, 27, 35, 37, 39, and 42:

²⁶ Case C-456/19 (CJEU, October 8, 2020), ECLI:EU:C:2020:813 (*Aktiebolaget Östgötatrafiken*).

²⁷ Austrian Supreme Court, 27.05.2021, 4Ob97/21z.



As described in the application for registration, the trademark consisted of a combination of stripes arranged vertically side by side at equal intervals in the color sequence from left to right: violet (HKS 29), blue (HKS 48), green (HKS 66), yellow (HKS 4), orange (HKS 6), and red (HKS 13) on a black (HKS 88) background, the stripes each having the same width.

In a preliminary notification the Austrian Patent Office expressed doubts about the registrability of the sign, given there was no indication as to the relationship between the stripes and the black background and differing widths of the black elements would give a different overall impression. Although this deficiency could be remedied, the Patent Office also expressed doubts as to inherent distinctiveness, considering that the relevant public would perceive the sign only as an advertising, informative, or decorative reference. The Patent Office granted the applicant a period of two months to submit further observations or to provide proof of acquired distinctiveness through the use made of the sign.

The applicant filed submissions to explain that it sought a series of specific features and limitations of the trademark, independent of whether the colored stripes were spaced at smaller or larger intervals against the black background. In the alternative, the applicant requested that the mark be registered with an addition that the width of the colored stripes was smaller than the distances between them. As to distinctive character, the applicant stated that all respective requirements had been fulfilled, so the mark was registrable even without prior use or reputation.

The Austrian Patent Office rejected the application. The sign applied for could be used in many ways and in many variations, particularly since the application covered a large number of goods and services, which would impact the potential use by others. The depiction of a mark on the register could not be vague. According to

the applicant, a black area 20 cm wide and 4 cm high, where the black stripes could be 2.5 cm wide and the colored stripes only 1 mm wide, would be covered by the scope of protection in the same way as a 4 cm wide and 20 cm high black area with narrow black and even narrower colored stripes. In each case, this would make a substantial difference in terms of the overall impression. The scope of protection for the mark was too unclear. For reasons of administrative economy, the question of representation was decided first. An assessment of distinctiveness, if necessary, would follow any decision of the Court of Appeal, if required.

The Court of Appeal held that the representation of the sign applied for *was* sufficiently specific. The applicant had identified all the colors used in the sign according to an internationally recognized identification code. The further characteristics of the sign (color of the background, vertical progression of the color stripes, parallel progression of the color stripes, sequence of the color stripes from left to right, equal width of the color stripes, equal spacing between the color stripes, ratio of width between the color stripes and the spacing) were all already apparent from the sign itself. The description of the sign applied for registration expressly repeated most of those features; it did not contradict the sign, nor did it raise doubts as to the subject matter and scope of the representation. However, the Court of Appeal ultimately dismissed the appeal because the sign lacked distinctive character. Only under exceptional circumstances could abstract color marks be inherently distinctive.

On further appeal the Austrian Supreme Court upheld the Court of Appeal's decision and stated that the principles regarding the clarity and precision of trademarks had been summarized correctly (i.e., in line with the Austrian Supreme Court's jurisprudence) by the Court of Appeal: Trademarks can only be signs that are capable of being represented in the trademark register in such a way that the competent authorities and the public can clearly and unambiguously determine the subject matter of the protection granted to their proprietor. According to settled case law of the Austrian Supreme Court, colors in "abstract" or "contourless" form are eligible for protection only if their graphic representation is clear, unambiguous, self-contained, easily accessible, intelligible, durable, and objective.

A color combination must be systematically arranged in such a way that the colors are "connected in a predetermined and consistent manner" (*Heidelberger Bauchemie*,²⁸ *Red Bull*²⁹). A sign that allows a multitude of representations that are neither

²⁸ Case C-49/02 (CJEU, June 24, 2004) (*Heidelberger Bauchemie GmbH*).

²⁹ *Red Bull GmbH v. European Union Intellectual Property Office*, Case C-124/18 P (CJEU, July 29, 2019).

predetermined nor consistent is not eligible for protection. Indeed, such representations allowed for numerous different combinations, which did not enable consumers to identify and remember a specific combination to which they could refer with certainty for further purchases and also did not allow competent authorities and commercial intercourse to know the scope of the trademark owner's protected rights. If a description of the sign is attached to the application, it must contribute to clarifying the subject matter and scope of the trademark protection sought and must neither contradict the graphic representation of the mark nor raise doubts as to the subject matter and scope of that graphic representation. The applicant had not specified the distance between the color stripes nor the relationship between the color stripes and the dark background, and indeed had even clarified its intention to make the protection of the trademark independent of whether the colored stripes are "arranged at smaller or larger distances in front of the black background." Thus, the systematic arrangement of the color combination was clearly not uniformly specified. The alternative claim also did not meet the requirements for general registrability, because it was only based on the fact that the color stripes "have the same width, the width of the stripes being smaller than that of the spaces between them." The mark was insufficiently clear and unambiguous and was denied registration without the need to consider acquired distinctiveness.

**13. Benelux—Court of Appeal Brussels (Belgium)—
Did an ordinary term used to indicate discounts or
promotion possess any distinctive character?**

In its judgment of March 22, 2021, the Brussels Court of Appeal³⁰ heard an appeal against the refusal by Benelux Office for IP to register the following IR designating the Benelux for goods and services in Classes 3, 5, 21, 25, and 35:



The Brussels Court of Appeal noted that the word *gratis* means "free" in French and Dutch. It was thus perceived by the average

³⁰ Brussels Court of Appeal, 8th ch., March 22, 2021, 2017/AR/875 (*GRATIS İÇ VE DIŞ TICARET A.S./Benelux Office for IP*).

consumer as a reference to a discount or a promotional term. Since at least one of the possible meanings designates a characteristic of the goods or services concerned, it would be perceived as being descriptive. The average consumer would not see this term a badge of commercial origin of the goods and services concerned.

The figurative elements present in the mark did not alter that conclusion, as they were banal and merely decorative. They also lacked any distinctiveness. The average consumers are used to seeing similar figurative signs or indications in the course of trade. The mark at issue did not trigger a thinking process that attributed the goods and services to a particular undertaking. The Court dismissed the appeal of the applicant and confirmed the Benelux Office for IP's decision to refuse registration for this mark.

**14. Poland—Polish Supreme Administrative Court—
Should descriptiveness be examined through eyes of
the average consumer for the relevant goods and
services?**

The dispute concerned a decision of the Polish Patent Office permitting the registration of the trademark ULTRA FRESH to designate transport services for fresh produce. The full specification of the contested mark was for import and export agencies; advice on organizing, managing, and operating a business; business expertise in Class 35, customs agencies; insurance consulting, insurance information, insurance brokerage, insurance, marine insurance in Class 36, transportation, packaging, and warehousing of goods, fresh produce logistics, temperature-controlled transportation, and warehousing in Class 39.

An opposition was filed based upon, among other articles of law, Article 129(1)(2) of the Polish Industrial Property Law (“IPL”) (equivalent to Article 7(1)(b) of 2017 TM Regulation), which provides that trademarks that are not sufficiently distinctive should not be registered. The opponent also argued that the contested trademark had not acquired distinctiveness through use.

In addition, the opponent referred to the fact that the EUIPO had refused to register other similar marks applied for by the applicant for services in Class 39 and for goods in Classes: 29, 30, and 31, which in its opinion confirms that those marks do not have sufficient distinctive character, neither for foodstuffs nor for services rendered in relation to those goods.

The Patent Office rejected the opposition because it considered that the contested trademark possessed an abstract distinctive character within the meaning of Polish law and was capable of properly distinguishing goods/services regardless of their nature. The Office considered that the contested trademark was a word mark consisting of a juxtaposition of two words. The word “ultra”

(which comes from Latin and means: “over, more”) in Polish is a prefix and has a similar meaning to its meaning in Latin: “over, beyond, extraordinarily, superlative and extreme.” The word “fresh,” which comes from English and means “fresh, clean, new, crisp, rested, juicy, cool, refreshing” is an adjective.

Those words, combined, created a trademark that, although it may be understood by Polish consumers who are familiar with the English language as “extremely fresh,” does not, however, directly indicate any features of the services for which this mark is intended that would be deemed important to Polish consumers. Therefore, the Polish public would not perceive the mark, immediately and without further reflection, as a description of those services, so the mark could not be considered to be directly descriptive for those services.

In the opinion of the Polish Patent Office, the fact that a mark may indicate features of goods provided within given services does not mean that the mark is directly descriptive of the services for which the trademark is intended. In the context of decisions issued by the EUIPO, the Office pointed out that, for the correct assessment of the claims raised in the case currently under consideration, decisions of other bodies to grant or refuse protection were irrelevant.

The opponent filed a complaint against this decision with the District Administrative Court in Warsaw (“DAC”), which held that the complaint was justified and reversed the decision of the Patent Office. Subsequently, the Patent Office filed an appeal to the Supreme Administrative Court (“SAC”).

The SAC considered that the mere fact that a mark possesses abstract distinctiveness does not mean that it is capable of distinguishing specific goods or services for which it is intended to be used. The specific distinctive capacity of a mark is relative in nature and relates to the goods or services to which the mark is intended to be applied. The assessment of distinctiveness should be made from the perspective of the goods or services for which the mark is intended and the average consumer of those goods or services in the ordinary course of trade.

The SAC confirmed the existing case law that provides that marks that exclusively convey information about the characteristics of the goods or services should remain in the public domain and free for others to use. To lack distinctive character on the grounds of descriptiveness, there must be a sufficiently direct and specific link with the goods or services for which it is intended to designate, hence the legislation providing that marks must not consist exclusively of elements capable of serving in trade, in particular, to indicate the kind of goods or services, their origin, quality, quantity, value, intended purpose, manner of manufacture, composition, function, or usefulness.

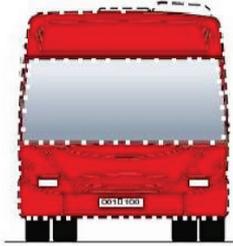
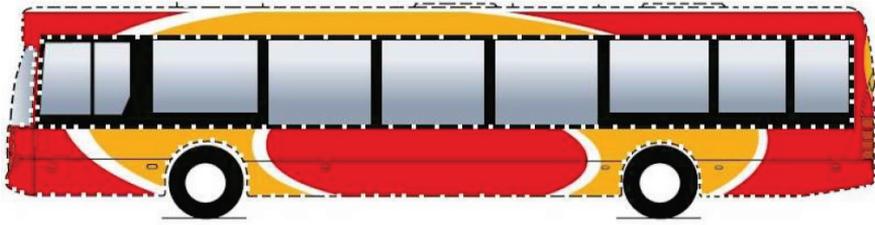
The SAC emphasized that the descriptive character of the mark should always be a specific—not an abstract—assessment. In making general statements about the nature of the mark, the DAC indicated “the word *ultra* describes services in Classes 35, 36 and 39,” that being all services for which the contested trademark was registered. In its verdict, the DAC failed to describe what essential characteristics of all these services were at issue and what information the contested mark conveyed with respect to them.

As to the decisions issued by EUIPO, the SAC agreed with the Patent Office that the Office is not bound by the decisions of EUIPO and the distinctiveness of marks examined by the Patent Office is assessed solely by that office, noting nevertheless the importance of properly defining the relevant public and taking into account the principle of free movement of goods in the EU. Ultimately the SAC sent the case back to the DAC for re-examination. The SAC’s decision is broadly in accordance with the line of case law of the EU General Court as expressed, inter alia, in Case T-363/12 (Judgment of May 13, 2015, Hyper Higenics/OHIM—Clinique Laboratories (CLEANIC natural beauty) and Case T-145/12 (Judgment of April 25, 2013, Bayerische Motoren Werke AG v. OHIM), according to which, in order to deny specific distinctiveness of a trademark, it must have a sufficiently direct and specific link with the goods or services it is intended to designate.

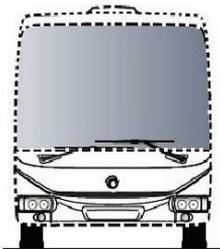
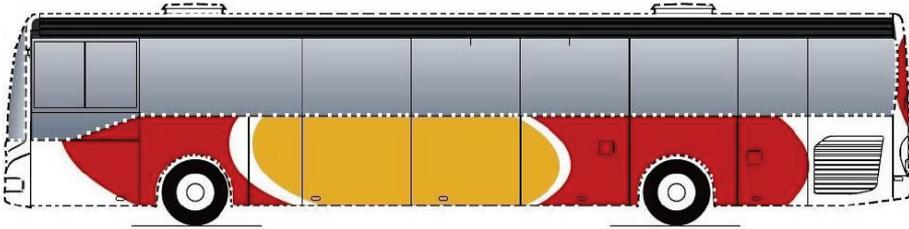
15. Sweden—Swedish Patent and Market Court of Appeal—Should the distinctive character of a sign be assessed in relation to the goods to which the signs are affixed?

In *Aktiebolaget Östgötatrafiken (Östgötatrafiken) v. Patent- och registreringsverket (the Swedish Intellectual Property Office)*,³¹ the Swedish Patent and Market Court of Appeal considered the requirement of distinctiveness in respect of trademark applications of signs intended to be affixed to the buses and trains used for the provision of the services for which registration was sought (services provided by means of vehicles and transport services).

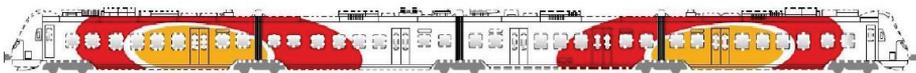
³¹ Case PMÖÄ 3878-18 (Swedish Patent and Market Court of Appeal, March 1, 2021).



(trademark application A)



(trademark application B)



(trademark application C)

By way of background, the applicant filed three Swedish trademark applications for the position marks reproduced above on buses and trains, being asymmetric ellipses in different sizes, in the colors red, orange, and white, for services provided by means of

vehicles and transport services falling within Class 39 of the Nice Agreement. At the time of filing, the applicant already held Swedish trademark registrations for the actual logos, as figurative trademarks (rather than position marks) for transport services. The new applications were rejected by the Swedish Intellectual Property Office on the ground that the signs were seen as merely decorative and could not be perceived as signs capable of distinguishing the services covered by the applications.

The applicant appealed the Office's decision before the Swedish Patent and Market Court. In support, it clarified that the marks applied for constituted "position marks," with a specific size and placement on buses and trains. The applicant argued that the distinctive character should not be assessed differently (compared with the prior registrations) solely on the ground that the signs were intended to be placed in a specific manner on vehicles. More specifically, it added that transport companies in general affix their own graphics or coloring to their vehicles, which allows users to recognize the commercial origin of the services.

The Office, for its part, argued before the Court that commercial transport vehicles are often decorated with colored motifs and that consumers would need to be educated as to the figurative elements covering the vehicles in order to regard them as trademarks. Further, the Office argued that the signs could be perceived as an indication of commercial origin only if they differed sufficiently from the norm or customs in the sector, which it suggested was not the case.

The Patent and Market Court rejected the appeal on the grounds that the evidence did not support a conclusion that the colors and shape of the signs for which protection was sought departed sufficiently from the manner in which other undertakings decorate their vehicles, so those signs could not be perceived by the relevant public as an indication of commercial origin.

The applicant appealed to the Swedish Patent and Market Court of Appeal on April 18, 2018. The proceedings were stayed on June 14, 2019, for a preliminary ruling³² to the CJEU regarding the interpretation of Article 3(1)(b) of 2008 TM Directive.³³ The CJEU was asked whether the Directive "must be interpreted as meaning that the distinctive character of a sign for which registration as a trade mark is sought, for a service, which consists of colour motifs and which is intended to be affixed exclusively and systematically in a specific manner to a large part of the goods used for the provision of that service, must be assessed in relation to those goods

³² Case C-456/19 (CJEU, October 8, 2020), EU:C:2020:813 (*Aktiebolaget Östgötatrafiken*).

³³ Correspondent to Article 4(1)(b) of the 2015 TM Directive.

and by examining whether that sign departs significantly from the norm or customs of the economic sector concerned.”

In the preliminary ruling issued on October 8, 2020,³⁴ the CJEU reiterated from case law the essential function of a trademark, which is to ensure that the consumer or end user can identify the origin of the marked goods or services by enabling him or her, without any possibility of confusion, to distinguish the goods or services from others that have another origin. Further, the CJEU reiterated that the distinctive character must be assessed by reference to, first, the goods or services in respect of which registration is sought and, second, the perception of the relevant public, being the average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect.

Regarding the perception of the relevant public in the present case, the CJEU noted that the relevant public would perceive the color motifs of the signs as being affixed to the goods, as the signs were intended to be affixed exclusively and in a systematic manner to large parts of the buses and trains. The CJEU concluded that the perception of the relevant public must be considered and that the signs should not be assessed independently from the vehicles, even if the reproduced buses and trains are not the subject of the applications and are used only to illustrate the positioning of the signs on the vehicles.

The CJEU held that it was a matter for the referring court to determine, in applying the relevant guidance, whether the systematically arranged color combinations were capable of conferring inherent distinctive character on the signs in question. In the context of that analysis, it is not necessary to examine whether the signs for which registration was sought departed significantly from the norm or customs of the economic sector concerned.

In light of the preliminary ruling, the Court of Appeal determined the perception of the relevant public of the signs affixed to the vehicles, including how the relevant public in the actual situation would perceive the signs. The Court of Appeal concluded that the bigger the goods are (in this case the trains and buses), and the larger the area of the goods covered by the signs, the harder it is to perceive the sign as a whole, and to recognize the sign as having a certain commercial origin. However, the Court of Appeal noted that the public would be able to perceive the marks from a distance, which would still allow the public to get an overall impression of the signs.

³⁴ Reported in the previous edition of this Review at p. 517 (see *Annual Review of EU Trademark Law*, 111 TMR 505, 517 (2021)).

The Court of Appeal then considered whether the color combinations were capable of conferring inherent distinctive character on the signs. In this regard, the Court of Appeal considered the colors red, orange, and white as contrasting and having a signalling effect. According to the Court of Appeal the signalling effect was sufficient to enable the average consumer to distinguish, without any confusion, the transport services provided by the applicant from those provided by other undertakings.

In addition to transport services, the applications covered services in connection to transport, e.g., information and booking of travels, and rental of vehicles. As the buses and trains were not actually used for the provision of these services, the Court of Appeal noted that the signs affixed to the vehicles could not be characteristic for such services. However, pictures of the vehicles in marketing and commercial films could have the same function as seeing the vehicles in real life. Accordingly, the Court of Appeal found that the signs also had distinctive character in regard to the services that related to transport. The signs affixed to the buses and trains were found to be sufficient to create a recollection in the consumers' memories to indicate the commercial origin of the services, also in respect of rental of buses and trains.

Consequently, when the distinctive character of a sign is assessed, and the sign consists of colored motifs and is intended to be affixed exclusively and systematically in a specific manner to a large portion of the goods used for the offering of that service, the relevant public's perception of the placement of that sign to those goods shall be considered. It is at the same time not necessary to examine whether that sign departs significantly from the norm or customs of the economic sector concerned.

16. Poland—Polish Supreme Administrative Court— When is a mark considered descriptive by the average consumer?

In this judgment,³⁵ the SAC (Polish Supreme Administrative Court) confirmed that within the meaning of the Polish Industrial Property Law (“IPL”) a trademark is descriptive and lacks distinctiveness if at least *one* of its possible meanings describes the characteristic features of the goods for which its registration is sought. Such marks are unregistrable even if only a part of the relevant public perceives a trademark as descriptive.

On January 22, 2016, the Polish Patent Office received an application for invalidity for the word mark VITAMIN SHOT. The disputed mark had a specification in Classes 5 (for “dietetic substances adapted for medical purposes, mineral food additives,

³⁵ Judgment of the Supreme Administrative Court of April 20, 2021, II GSK 720/18.

nutritional additives for medicinal purposes, pharmaceutical preparations, vitamin preparations, micronutrient preparations for humans and animals, dietetic food for medicinal purposes”) and 32 (“mineral and aerated waters, table waters, isotonic beverages, isotonic powdered beverages, soft drinks, energy drinks, preparations for making beverages, essences for making beverages, fruit drinks and juices, vegetable juices”).

The applicant for invalidity relied upon the equivalent of Article 7(1)(b) and (c) of the 2017 EUTM Regulation that provides that marks should not be registered for signs that lack distinctive character, in particular signs consisting exclusively of elements that may serve in trade to indicate, in particular, the type of product, its origin, quality, quantity, value, intended purpose, method of manufacture, composition, function, or usefulness.

The applicant indicated that the disputed mark interfered with its right to lawfully compete, since the English word “vitamin” in Polish is *witaminowy* (as an adjective), and due to its simplicity and similarity with the Polish equivalent word, it was perfectly understandable to the public. Additionally, the English word “shot” is used in trade for preparations containing microelements, or as a designation of a product of high concentration. Most often it refers to beverages sold in relatively small volumes. The combination of the word “shot” with the word “vitamin” meant “vitamin shot” for English-speaking consumers, so a specific connection between the goods and the trademark specification in Class 5 and, alternatively, for juices, fruit drinks, and vegetable juices in Class 32. The applicant also cited the decision in which EUIPO declined to register another application by the proprietor, EUTM 008949431 “Vitamin shot” for similar descriptive considerations.

The Patent Office invalidated the contested mark due to its descriptive character in relation to goods for which the registration was held. On appeal the DAC also found the contested mark to be descriptive and consequently dismissed the appeal.

The proprietor appealed to the SAC, which held that it was incorrect to consider the English word “shot” in Polish as “portion, dose.” In the SAC’s view, the perception of a word mark in the English language depends on the assessment of that word by consumers in the territory of registration. The SAC held that the Polish Patent Office had correctly determined the target public of the contested mark, which consisted of all consumers, since the goods covered by the registration were everyday foodstuffs, food additives, pharmaceutical preparations used by almost everyone in case of illness or health impairment, as well as beverages, waters, and juices, and such goods were used by adults and minors, regardless of their social status and wealth.

According to the SAC, the word “shot” was descriptive for the relevant goods in Classes 5 and 32 and was understood by the

relevant public (Polish consumers) because it has been interposed as such by the proprietor's own use. The SAC also confirmed that the assessment of the mark must be a whole, and the assessment of the character of the trademark must be based on the overall impression which the trademark makes on the relevant public.

The SAC referred in its ruling to an analogous assessment of the word sign VITAMIN SHOT by the EUIPO, which considered the expression as a whole to mean “a portion (dose) of vitamins” and hence was descriptive of the goods covered by the application.

The SAC also referred to the case law of the GC, according to which it is sufficient that the trademark is perceived as descriptive only by a part of the relevant public (inter alia, the GC judgment in Case T-173/03). Thus, if only part of the relevant public perceives the mark at issue in that way, that is sufficient for the trademark to be considered descriptive and no further examination is necessary (see judgments of the General Court in Cases T-383/10, T-520/14).

17. Portugal—Portuguese PTO (INPI)—Was a three-dimensional packaging trademark valid and distinctive?

On August 17, 2021, the Portuguese PTO, the Instituto Nacional da Propriedade Industrial (the “INPI”), refused the application for registration of the sign/packaging (pictured below) as a three-dimensional Portuguese trademark in respect of cleaning products.



The application was filed by Brandcare Est 2014, S.A. and the packaging at issue is for a grease remover product offered under one of Brandcare's trademarks, MISTOLIN.

The INPI refused the application for lack of distinctive character, stating that the trademark to be registered was exclusively characterized as an object of three-dimensional shape,

representing an ordinary bottle, commonly used in commerce for packaging the goods sought to be identified in Class 3 for “degreasing preparations.”

Exercising its right of reply, Brandcare argued that the sign in question corresponded to the shape of the packaging and the basic color of a product that was the market leader in Portugal. This was evidenced by a market research study by A.C. Nielsen (Nielsen Global Media); the fact that the Portuguese Intellectual Property Court, in several lawsuits, had found such status and the results of a study commissioned from Marketest (“The Marketest Study”) to measure the brand association of a grease remover product with a particular packaging. In that study, 62% of consumers spontaneously associated the MISTOLIN brand with this packaging.

Further, with the exception of (infringing) imitation products, such packaging was not commonly used by competitors. In fact, the packaging of competing products was distinct from the packaging of the MISTOLIN product, both in the base color used and in the three-dimensional shape. The packaging would be recognized and associated as MISTOLIN by a large majority of Portuguese consumers, and the distinctiveness had been recognized in several lawsuits filed by Brandcare against trademarks that imitate MISTOLIN. In other enforcement cases brought by Brandcare, the Portuguese courts had recognized in evidence not only the Marketest Study referred to above (in which 62% of respondents spontaneously associated the brand MISTOLIN to this packaging and eight in every ten respondents associated this packaging to this brand) but had also acknowledged that MISTOLIN was the market leader in grease removers and that packaging of that shape was easily recognizable and associated with the MISTOLIN product, making it easy for the consumer to get confused and thus be led to buy the “white label” product instead of buying MISTOLIN.

Based on these arguments, on re-examination of the application, INPI reversed its provisional refusal decision, stating that Brandcare “was able to prove that the packaging and respective configuration proposed to be registered, could be associated to a specific company.”

The INPI also cited court judgments³⁶ to acknowledge that the registration of a sign consisting of the shape of goods as a trademark, as in the present case, should be allowed if there is evidence that that shape/design is recognized as a trademark by average consumers of the category of goods or services in question;

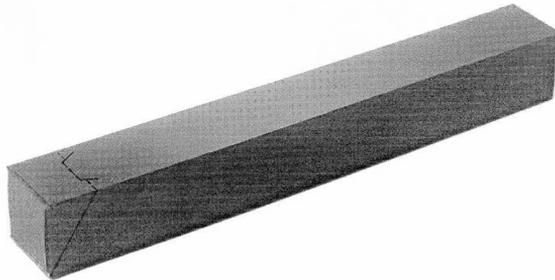
³⁶ In particular, Koninklijke KPN Nederland, Case C-363/99, EU:C:2004:86, No. 34, and case law cited; Nestlé, Case C-353/03, EU:C:2002:432, No. 25; and Oberbank and Others, Cases C-217/13 and C-218/13, EU:C:2014:2012, No. 39; and Judgments of Windsurfing Chiemsee, Cases C-108/97 and C-109/97, EU:C:1999:230, No. 51, and of June 18, 2002, Philips, Case C-299/99, EU:C:2002:377, No. 60.

and the acquisition of distinctive character of a trademark is demonstrated if it can be shown that the sign/packaging has acquired, through the use made of it, sufficient distinctive capacity, in particular taking into account the market share held, the intensity, the geographical area, and the duration of use of this trademark, or the importance of the investments made by the company to promote it. Accordingly, the INPI held that the packaging in analysis had indeed acquired distinctive character and granted the application.

18. Greece—Athens Court of First Instance—Was a three-dimensional trademark for the packaging of coffee capsules valid and infringed?

In Case No. 640/2021, the first instance court of Athens ruled on the validity of the famous NESPRESSO capsules packaging, which is protected as an EUTM, in the context of an invalidity counterclaim raised within infringement proceedings.

Société des Produits Nestlé S.A. owned the below figurative EUTM, registered since 2004 for Class 30 goods and, in particular, “coffee”:



The Court described the mark as an “elongated rectangular hexagon with a perforated line in one of its edge sides.” Nestlé brought infringement proceedings against an entity in Greece that used exactly the same-shaped packaging for coffee capsules. The defendant brought an invalidity counterclaim against the EUTM, claiming that the mark lacked distinctive character, was invalid (as it was a functional shape), and was filed in bad faith.

The bad faith claim was dismissed by the Court on procedural grounds as being too imprecise. The defendant had only vaguely claimed bad faith in that the claimant acted intentionally to preclude third parties from lawful trade and to obtain a monopoly over a technical solution, knowing that there were many third parties that used exactly the same shape of packaging for coffee capsules. The Court held such third parties had not been identified, nor had the commercial and technical factors that restrained choices

for packages of coffee capsules, so the grounds were too vague to be actionable.

The second ground based upon technical function in shapes was also dismissed. The absolute ground for refusal/invalidity for shapes necessary to obtain a technical result did not apply to the shape at issue. There was insufficient connection between the cardboard packaging at issue (the material not being part of the trademark) and the coffee capsules contained in the packaging. Although this was a packaging trademark, the coffee capsule was to be considered as the “good” itself for the purpose of this provision,³⁷ because the coffee contained within does not have a shape of its own.³⁸ A coffee capsule has its own characteristic shape, necessary for the compatibility of the product with the respective coffee machine, and the packaging at issue containing capsules did not give those capsules a different specific shape in order to be put in the market, such as to be considered distinct and separate from them. The restriction for the shape of goods as such did not apply to the shape of the packaging.

The Court found the challenge to distinctive character as admissible, but nevertheless rejected it. The Court first reiterated that the relevant time at which distinctiveness assessment must be made was the time of filing of the contested EUTM, May 2002. The defendant did not prove that on that date, the mark did not significantly depart from the general or customary norms in the relevant sector of trade and therefore lacked distinctive character. The only evidence provided related to 2016 onward and so was not relevant.

The defendant had also argued that a lack of distinctive character was inevitable in the absence of any written characters on the packaging that would denote the commercial origin of the product and not the shape of the packaging. The Court rejected this as a general and non-specific argument that would have the effect of excluding all such marks from protection. The Court accepted that the defendant had proved that the EUTM was not unique, in that it was used by third parties for similar products. The Court made a distinction, however, between the notion of uniqueness in the context of the examination of a “link” required for dilution/unfair advantage under INTEL³⁹ (paragraph 56) and lack of distinctive character, as a subjective perception of the consumer. The Court noted that the defendant produced packages for only a small number of producers, in relation to the number of producers active

³⁷ The Court cited a Federal German Patent Court decision on that finding: BPatG, 17.11.2017—25 W (pat) 112/14 at II.B.1b.

³⁸ The Court cited Case C-218/01, Henkel KGaA, EU:C:2004:88, paras. 33, 35 (February 12, 2004).

³⁹ Case C-252/07, Intel Corporation Inc. v. CPM United Kingdom Ltd., EU:C:2008:655 (November 27, 2008).

in the EU in the relevant sector, without additional evidence on the market share that these producers cover within the EU or other evidence able to affect the perception of the consumer with regard to the ability of the EUTM at issue to denote commercial origin and differentiate the goods of its owner to those of third parties. The first invalidity ground was therefore dismissed.

Since the Court upheld the validity of the mark, it went on to consider the grounds for infringement. This also required an assessment of distinctiveness, but this time analyzed as at the time of the infringement in 2018. The defendant submitted samples of packaging of three different third parties that had the same appearance as the EUTM. The Court noted slight differences, such as a lack of perforated line on the edge, or nine sides instead of six. In return, the claimant produced thirty competitors' packaging for capsule coffee with a shape materially different from the EUTM at issue. The Court found that because of the double identity of the marks and the goods, as well as the high degree of recognition and distinctiveness (reputation) of the earlier mark, there was risk of confusion. The Court did not take into account the verbal elements on the packaging and limited its comparison to the signs at issue, namely the shapes.

The Court also found that the EUTM enjoyed a reputation in Greece. The relevant evidence of reputation was provided solely for Greece. The Court confirmed (in accordance with recent CJEU case law), that reputation in one country, as a substantial part of the EU, was enough for reputation in the EU. Given the degree of reputation of the earlier mark, the basis for unfair advantage was also upheld.

19. Switzerland—Swiss Federal Supreme Court—Was a three-dimensional trademark invalid due to the technical necessity of its shape?

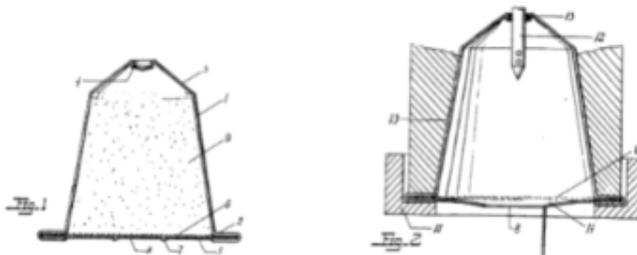
The decision of the Swiss Federal Supreme Court in *Nestlé v. X* (The Ethical Coffee Company, before the company went bankrupt),⁴⁰ considered a counterclaim for invalidity of the three-dimensional Swiss trademark registration for the design of a coffee capsule (below left) that had been raised in defense to a claim for infringement by the sale of competing products (below, right). Ethical Coffee Company claimed that the three-dimensional trademark registration asserted by Nestlé should be declared invalid because of the technical necessity of the shape of the capsule. According to Article 2(b) of the Swiss Federal Trademark Act (“TmPA”), “shapes that constitute the nature of the goods

⁴⁰ Case 4A_61/2021 (Federal Supreme Court, September 7, 2021).

themselves or shapes of the goods or their packaging that are technically necessary” are excluded from trademark protection.



In the 1970s, Nestlé invented a hermetically sealed capsule containing a dose of ground coffee, and a coffee machine in which to insert the capsule. Various aspects of the machines and the capsules forming the system that became internationally known under the brand NESPRESSO, were protected by patents. The basic patent directed to the capsule illustrated by the following pictures expired on December 16, 1996. A European patent directed to the same capsule was revoked in 2005.



In 2000, Nestlé filed an application with the Swiss Federal Institute of Intellectual Property (“IPI”) for registration of a three-dimensional trademark (pictured above, left) in Class 30 for “coffee, coffee extracts and coffee preparations.” The IPI initially refused the registration, but eventually registered the trademark based on acquired distinctiveness.

Ethical Coffee Company developed a biodegradable coffee capsule (based on vegetable fibers and starch) compatible with the NESPRESSO system, which was marketed in Switzerland as of 2011 (picture above, right).

Nestlé claimed that Ethical Coffee Company infringed its trademark rights and violated the Federal Act against Unfair Competition (“UCA”) by distributing its capsules (Article 55 (1) of the TmPA; Article 9 (1) of the UCA). It obtained an *ex parte*

injunction against Ethical Coffee Company from the Cantonal Court of Vaud. Such *ex parte* injunction was lifted by the same court in 2014 as a result of the confirmatory preliminary injunction proceedings, which concluded that the shape of the trademark was technically necessary.

Nestlé had meanwhile commenced “standard” infringement proceedings against Ethical Coffee Company, which in response requested the cancellation of the Swiss NESPRESSO capsule for the three-dimensional trademark. Because Ethical Coffee Company had to file for bankruptcy in the course of the proceedings, the judgment of the Cantonal Court of Vaud was handed down only in 2020. It considered that, while the trademark was not technically necessary (which would have led to the invalidity of the trademark regardless of acquired distinctiveness), the trademark was part of the public domain and that Nestlé had failed to prove that the shape of the capsule had become established as a trademark in the course of trade. Thus, the lower court dismissed the request for a permanent injunction and upheld the counterclaim, declaring Nestlé’s trademark null and void.

Nestlé appealed this judgment before the Federal Supreme Court. By its decision of September 7, 2021, the Swiss Federal Supreme Court confirmed the cancellation of the NESPRESSO capsule three-dimensional trademark but justified this differently from the lower court. According to the Federal Supreme Court, the trademark was invalid based on the absolute ground for refusal of Article 2(b) of the Swiss Trademark Act, which states that it is not possible to register a technically necessary shape, regardless of whether it had become established as a trademark in the course of trade. Pursuant to the Federal Supreme Court, in order for a shape not to be deemed technically necessary, any alternative solution must fulfill two criteria: (1) it needs to be “equivalent” in that it must not have any disadvantages for the competitors; and (2) it must not lead to higher manufacturing costs, whereby even a slight increase in cost is not acceptable.

Nestlé had proposed five fictitious alternative shapes and presented a number of competing capsules sold in stores, which they conceded did not fall within the scope of protection of their trademark. The Federal Supreme Court concluded that even if there are alternatives to the shape of the Nespresso capsule, the shape is still technically necessary, because those alternatives have disadvantages compared with the NESPRESSO capsule—for example, being made of plastic instead of aluminum, having higher production costs, having less volume for coffee, or even getting stuck in the coffee machine. The Federal Supreme Court stated that the existence of acceptable alternatives to the original product must be assessed strictly, because trademark law is an essential aspect of, and must contribute to, a competitively functioning free market. In

reaching this finding, the Federal Supreme Court compared the Swiss legal situation with the EU and Germany, in particular, and referred, inter alia, to the CJEU decisions in *Lego Juris v. OHIM*⁴¹ and *Philips Electronics NV v. Remington Consumer Products*⁴² as persuasive and helpful judgments (although of course not strictly binding in Switzerland).

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 earlier unregistered rights.

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

- (1) where the mark applied for is identical to the earlier mark, and the goods/services for which the applicant seeks registration are identical to those for which the earlier mark is protected. Often known as “double-identity” cases, the relevant rules are contained in Article 8(1)(a) of the 2017 EUTM Regulation and Article 5(1)(a) of the 2015 TM Directive;
- (2) where the mark applied for is identical or similar to the earlier mark and the goods/services for which the applicant seeks registration are identical or similar to those for which the earlier mark is protected, resulting a likelihood of confusion. This provision 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 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 Article 8(5) of the 2017 EUTM Regulation and Article 5(3)(a) of the 2015 TM Directive.

⁴¹ Case C-48/09 (CJEU, September 14, 2010).

⁴² Case C-299/99 (CJEU, January 23, 2001).

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 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 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.

There is typically an abundance of available case law for this section of the Review, given the nature of conflicting marks. As always this Review has selected more notable or interesting cases rather than seeking to capture all. As the (pen)ultimate route of appeal in respect of many of the decisions made by the EUIPO and its Boards of Appeal, the General Court has a busy role to play in this respect, in particular in respect of oppositions and (as indicated the preceding chapter also for validity). However, as noted in the introductory comments to this Review, following the 2019 amendment of the Statute of the CJEU and the Rules of Procedure, all appeals brought in cases already considered twice by EU institutions must now be accompanied by a request to the CJEU, clearly setting out why the issues raised by the appeal are significant with respect to the unity, consistency, or development of EU law. This has resulted in a very dramatic reduction in the number of appeals from EUIPO decisions heard by the CJEU.

To perfectly illustrate the CJEU's reluctance to hear trademark appeals from the General Court as a matter of course, in *Puma SE v. EUIPO*, the CJEU declined to review the General Court's prior judgment that the reputation of the earlier Puma "cat" marks and the similarity of the marks at issue were not sufficient, in themselves, to establish the existence of injury to reputation. The CJEU's preliminary finding was that although Puma had identified several errors of law allegedly committed by the General Court, it had failed to explain how those errors, even if they were established, raised an issue that was significant with respect to the unity, consistency, or development of EU law in order to justify an appeal to the CJEU. Another interesting issue arose in the GC's decision in *Chanel v. EUIPO—Huawei Technologies Co. Ltd.*, where the GC was asked to consider, in particular, whether the different orientation of a mark could be taken into account, where that orientation might have a very considerable impact upon the perception of similarity between the two. The General Court rejected this argument, finding that the EUIPO acted correctly by comparing the earlier marks in the forms in which they appeared on the register, irrespective of any possible rotation in their use on the market.

Elsewhere, the national courts of Germany seemed to have a particularly busy year considering issues of conflicting marks and considering the difference between finished products and their components, the difference between retail services for particular goods and the goods themselves, and whether a well-known earlier mark was protected in visual form only or whether this might also extend to a conceptual "motif."

B. Legal Texts

Article 8 of the 2017 EUTM Regulation

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

2. For the purposes of paragraph 1, “earlier trade mark” means:
 - (a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the EU trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks:
 - (i) EU trade marks;
 - (ii) trade marks registered in a Member State, or, in the case of Belgium, the Netherlands or Luxembourg, at the Benelux Office for Intellectual Property;
 - (iii) trade marks registered under international arrangements which have effect in a Member State;
 - (iv) trade marks registered under international arrangements which have effect in the Union;
 - (b) applications for the trade marks referred to in point (a), subject to their registration;
 - (c) trade marks which, on the date of application for registration of the EU trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the EU trade mark, are well known in a Member State, in the sense in which the words “well known” are used in Article 6^{bis} of the Paris Convention.
3. [Omitted]
4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the [EU] legislation or the law of the Member State governing that sign:
 - (a) rights to that sign were acquired prior to the date of application for registration of the EU trade mark, or the date of the priority claimed for the application for registration of the EU trade mark;
 - (b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.
5. Upon opposition by the proprietor of an earlier trade mark within the meaning of paragraph 2, the trade mark applied for shall not be registered where it is identical with, or similar to an earlier trade mark, irrespective of whether the goods or services for which it is applied are

identical with, similar to, or not similar to those for which the earlier trade mark is registered, where, in the case of an earlier EU trade mark, the trade mark has a reputation in [the Union] or, in the case of an earlier national trade mark, the trade mark has a reputation in the Member State concerned, and where the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

6. [Omitted]

Article 60 of the 2017 EUTM Regulation

1. An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:
 - (a) where there is an earlier trade mark as referred to in Article 8(2) and the conditions set out in paragraph 1 or paragraph 5 of that Article are fulfilled;
 - (b) [Omitted];
 - (c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled.
 - (d) [Omitted]
2. An EU trade mark shall also be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings where the use of such trade mark may be prohibited pursuant to another earlier right under [EU] legislation or national law governing its protection, and in particular:
 - (a) a right to a name;
 - (b) a right of personal portrayal;
 - (c) a copyright;
 - (d) an industrial property right.

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

Article 5 of the 2015 TM Directive

Relative grounds for refusal or invalidity

1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:
 - (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—What constitutes a high degree of visual similarity between marks as opposed to a “certain degree” of visual similarity?

In *Puma SE v. EUIPO*,⁴³ the CJEU declined to review the General Court’s judgment that the reputation of the earlier marks and the similarity of the marks at issue were not sufficient, in themselves, to establish the existence of injury to reputation. The CJEU ruled that Puma’s appeal was not allowed to proceed on the basis that Puma’s request was not capable of establishing that the appeal raised an issue that was significant with respect to the unity, consistency, or development of EU law.

Background

In April 2013, Gemma Group Srl successfully registered an EU trademark comprising a feline-shaped figurative sign (as reproduced below), for goods in Class 7 including “[m]achines for processing of wood; machines for processing aluminium; machines for treatment of PVC” (the “contested mark”).

⁴³ *Puma v. EUIPO* (EUTM—Order), [2021] Case C-462/21P_CO (CJEU, December 1, 2021).

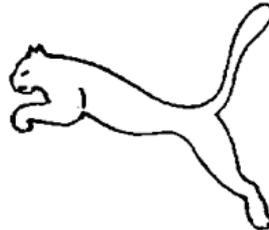


In July 2013, Puma SE (“Puma”) filed a notice of opposition to registration of the contested mark on the ground that the contested mark was identical with, or similar to, an earlier trademark, where the earlier EU trademark has a reputation in the EU, pursuant to Article 8(5) of the 2009 EUTM Regulation (now Article 8(5) of the 2017 EUTM Regulation). The opposition was based on two earlier trademarks that had been successfully registered by Puma. Firstly, an international figurative mark (as reproduced below) registered in September 1983 for goods in Classes 18, 25, and 28 (“Mark No. 1”) and secondly, an international figurative mark (as reproduced below) registered in June 1992 for goods in Classes 18, 25, and 28 (“Mark No 2”). In support of its opposition, Puma sought to rely on the reputation of these earlier marks in all the Member States.

Mark No. 1



Mark No. 2



The Opposition Division rejected Puma’s opposition in its entirety on the basis that the relevant public would not establish a link between the marks at issue. The Opposition Division ruled that it was not necessary to examine the evidence that Puma had filed in order to prove the extensive use and reputation of that mark, and the examination would be carried out on the assumption that the earlier marks had “enhanced distinctiveness.”

Puma appealed this decision to the Fifth Board of Appeal of the EUIPO, which dismissed Puma’s appeal in its entirety.

In reaching its decision, the Board of Appeal found that there was a certain degree of visual similarity between the earlier marks and the mark applied for and that they conveyed the same concept of a “pouncing feline recalling a puma.” The Board of Appeal rejected the evidence of the reputation of Puma’s marks and found that, even assuming that the reputation of the earlier marks was to be regarded as proven, the opposition would still fail because the existence of an unfair advantage taken of the distinctive character

or the repute of the earlier marks or of detriment to their distinctive character or repute had not been established.

Puma subsequently appealed this decision to the General Court, who annulled the Board of Appeal's decision. The General Court found that the EUIPO had infringed the principle of sound administration and the Board of Appeal had erred in law since the Board had not carried out a full examination of the reputation of the earlier mark and this might have had a decisive influence on the outcome of the opposition.

The EUIPO appealed the General Court's judgment to the Court of Justice, which dismissed the EUIPO's appeal. Puma's appeal against the decision of the Opposition Division was subsequently re-examined by the Fourth Board of Appeal, who essentially confirmed the findings made by the Opposition Division.

Puma subsequently appealed to the General Court and argued that the decision of the Fourth Board of Appeal should be annulled on the basis that:

- the Board of Appeal erred in finding that the sections of the public targeted by the goods covered by each of the marks at issue are different, even though they overlap;
- the Board of Appeal did not correctly assess the degree of similarity between the marks at issue;
- the Board of Appeal still did not carry out a full examination of that reputation even though it had been invited to do so by the General Court;
- in light of the exceptional reputation of the earlier marks and the fact that the marks at issue are almost identical, the relevant public will establish a link between those marks; and
- the Board of Appeal incorrectly found that Puma had not demonstrated the existence of one of the types of injury referred to in Article 8(5) of the 2009 EUTM Regulation (now Article 8(5) of the 2017 EUTM Regulation).

The General Court's decision

The General Court dismissed Puma's appeal in its entirety, agreeing with the Board of Appeal's findings. Firstly, the General Court held that Board of Appeal correctly found that the goods covered by the mark applied for were aimed at industry specialists and the Board of Appeal made no error in finding that the goods covered by the earlier marks were aimed at the general public. Therefore, it was correct in concluding that the respective sections of the public for the goods covered by each of the marks at issue were different.

Secondly, the General Court rejected Puma's argument that there is a high degree of visual similarity between the marks at issue and noted that the differences between the marks at issue (color, shape of the feline, direction the feline is facing) were sufficiently significant to be perceived by the average consumers of the goods in question. The General Court agreed with the Board of Appeal's findings that there was a certain degree of visual similarity between the marks at issue.

Thirdly, the General Court noted that Puma's argument that it was deprived of the possibility of submitting additional evidence substantiating the existence of an extraordinary or exceptional reputation on the part of the earlier marks was unfounded. The Board of Appeal had found, on the basis of three previous EUIPO decisions, that the earlier marks had a reputation and accordingly, the Board of Appeal was not required to invite the applicant to produce other evidence. The General Court concluded that Puma was not entitled to rely on the existence of an exceptional reputation on the part of the earlier marks, and its claim that the marks at issue were almost identical was unfounded.

Lastly, the General Court found that the Board of Appeal was fully entitled to find that the reputation of the earlier marks and the similarity of the marks at issue were not sufficient, in themselves, to establish the existence of one of the types of injury referred to in Article 8(5). The Board of Appeal was also entitled to take into account the difference between the goods covered by the marks at issue and the fact that the sections of the public targeted by those goods were completely different.

Puma appealed the General Court's decision to the CJEU and requested that the CJEU set aside the General Court's judgment on the basis that the General Court erred in law in several of its findings and in its application of Article 76(2) of the 2009 EUTM Regulation (now Article 76(2) of the 2017 EUTM Regulation).

The CJEU's decision

The CJEU dismissed Puma's appeal in its entirety, holding that the appeal should not be allowed to proceed. Specifically, the CJEU held that the request submitted by Puma was not capable of establishing that the appeal raised an issue that is significant with respect to the unity, consistency, or development of EU law.

In reaching its decision, the CJEU noted that although Puma had identified several errors of law allegedly committed by the General Court, it had failed to explain how those errors, even if they were established, raise an issue that is significant with respect to the unity, consistency, or development of EU law, which would justify the appeal's being allowed to proceed. Furthermore, the CJEU noted that assessment of the similarity between the marks at issue was of a factual nature and Puma had made a generic

assertion that the General Court’s conclusion that the signs at issue had a “certain degree of similarity” when analyzing the similarity of the signs constituted a clear divergence from the unity and consistency of EU law. Neither of these arguments could be found to raise an issue that was significant with respect to the unity, consistency, or development of EU law.

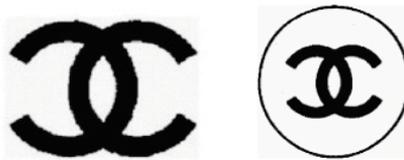
2. EU—GC—When assessing whether the signs are similar, they must be compared as applied for and registered, without altering their orientation

In *Chanel v. EUIPO—Huawei Technologies Co. Ltd.*,⁴⁴ the General Court considered an appeal from a decision of the Board of Appeal that found no similarity within the meaning of Article 8(1)(b) and Article 8(5) of the 2017 EUTM Regulation between the earlier figurative trademarks registered on behalf of Chanel and the figurative trademark applied for by Huawei.

The Applicant, Huawei Technologies Co. Ltd, had applied for registration of the mark as an EU trademark for goods in Class 9 including computer hardware and computer software:



Chanel filed an opposition against the subject application based on the following earlier French national trademarks, the first one registered for similar goods, such as computer hardware, and the second one having been relied on as having a reputation:



Both the Opposition Division as well as the Board of Appeal found the compared trademarks were not similar, so there could be no likelihood of confusion nor risk that the application would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier marks.

On appeal, the General Court focused on the examination of the degree of similarity between the signs at issue. In particular, the Court concentrated on how the comparison between the marks should be carried out, that is whether the different orientation of

⁴⁴ Case T-44/20 (General Court, April 21, 2021).

the two marks should be taken into account. Chanel argued that if the earlier trademarks were rotated 90 degrees to either side, the marks under comparison would be considered similar overall to an average-to-high degree. Chanel claimed that such a different orientation of one of the signs should be taken into account if it corresponded to the perception that—irrespective of the intentions of its proprietor—the public may have of the sign when affixed to goods on the market.

Recalling previous case law (in particular *Volkswagen v. EUIPO—Paalupaikka (MAIN AUTO WHEELS)*,⁴⁵ the General Court rejected this argument, finding that the EUIPO acted correctly by comparing the earlier marks in the forms in which they appeared on the register, irrespective of any possible rotation in their use on the market. The Court stressed that the actual or potential use of registered marks in another form is irrelevant when comparing the signs in opposition proceedings.

Having noted the above, the General Court carried out a comparison of the signs, confirming that they shared certain characteristics, including a black circle (in case of the allegedly reputed earlier trademark), two interlaced curves, also black, intersecting in an inverted mirror image, and a central ellipse, resulting from the intersection of the curves. However, the General Court upheld the Board's view that the differences between the marks (i.e., more rounded shapes of curves in earlier trademarks, different stylization of those shapes and their arrangement, resemblance of different letters) were predominant and therefore the marks could not be considered similar.

As a result, the General Court of the European Union dismissed the action brought by Chanel seeking the annulment of the decision rejecting the opposition in its entirety.

3. Germany—Federal Patent Court—Similarity of “finished” products and product components

In this case,⁴⁶ the opponent had opposed an application to register the mark SRITX for “kitchen machines (electric); washing machines; ironing machines; vacuum cleaners” in Class 7 and “lighting lamps; gas burners; refrigerators; stoves; plumbing fixtures; showers; isothermal cabinets; radiators [electric]” in Class 11 on the basis of its rights in the prior trademark STRIX, registered for, among others, “temperature limiters; temperature control devices; thermostats; energy controllers; switches; thermosensitive switches” in Class 9.

⁴⁵ Case T-623/16 (General Court, September 19, 2018).

⁴⁶ Case No. 25 W (pat) 14/19 (German Federal Patent Court, May 20, 2021).

The German Patent and Trade Mark Office had initially rejected the opposition for a lack of genuine use of the earlier mark. Use was affirmed on appeal before the Federal Patent Court, so the question of similarity of the goods became the key issue to be determined.

The Federal Patent Court commented that electrical components such as (thermosensitive) switches, switching devices, thermostats, and temperature control devices are semi-finished products, which are generally directed at manufacturers of electrical appliances, rather than purchasers of the finished end products. In this respect, the goods would be deemed dissimilar.

However, the Federal Patent Court recognized that this would not be the case if, according to the custom of the industry, (i) the preliminary products significantly determine the characteristics as well as the appreciation of the finished end product and (ii) the customers of the finished products are also confronted with the trademark of the preliminary product. In addition to other advertising measures, this can be achieved by using the trademark as a so-called accompanying trademark not only for the preliminary product, but also in the further stages of production.

The characteristics of the devices registered for the contested mark of Classes 7 and 11 are essentially co-determined by the electrical components contained therein. High-quality electrical components distinguish an expensive product from cheap goods that use “no-name” generic parts. Since the electrical components of these goods are safety-relevant components, consumers will pay attention to which preliminary products are used in them when selecting the end products. For this reason, the Court considers it not uncommon to find the trademark of an important component on the end product. Therefore, the goods of trademarks “Sritx” and “STRIX” are similar, and the opposition upheld.

4. Germany—Federal Patent Court—Protection of a “motif” or likelihood of confusion with a well-known trademark?

This case⁴⁷ related to an opposition filed before the German Patent and Trade Mark Office, based upon the well-known figurative mark (below, left) depicting an apple. The mark is registered for (among others) “computer, mobile phones, software; data processing, computer based data storage; consultancy in relation to the development of computer systems.” The opposition was filed against an application for a figurative mark (below, right), seeking registration in respect of “software; data collection; engineering consultancy.”

⁴⁷ Case No. 25 W (pat) 57/19 (German Federal Patent Court, March 3, 2021).



The German Patent and Trade Mark Office rejected the opposition on the grounds that the overall graphical impression of the opposing trademark was dissimilar, ruling out any risk of direct confusion. The examiner also considered there was no risk that the public might make a mental association between the conflicting signs, again noting a very high degree of dissimilarity. The examiner commented that the contested sign was a self-contained square with slightly rounded corners, whereas the opposing sign was the silhouette of a bitten apple. Since the apple stem was set off from the body of the apple, the opposing mark did not make a closed geometric figure such as that represented by the contested sign. In the case of the contested sign, the public would initially perceive only something round in the middle of the green square, which on closer inspection appears as an apple with two leaves around it. Since it was not a “bitten” apple, the challenged sign did not give rise to any association with the opponent’s prior trademark.

The opponent filed an appeal to the Federal Patent Court against this decision with the request to annul the contested decision and to order the cancellation of the contested trademark. It argued that the German Patent and Trade Mark Office did not take sufficient account of the fact that the opposing mark is a well-known mark. Moreover, the Opponent is the proprietor of other trademarks containing the apple symbol, so that the public is accustomed to encountering the opposing trademark in other forms as well. In the view of the opponent, the opposing trademark was therefore in effect protected in Germany for the term “apple” or the figurative representation of an apple as a motif.

The Federal Patent Court agreed with the opponents’ view and affirmed the likelihood of confusion, emphasizing this must be assessed taking into account all the circumstances of the individual case. Here the “Apple” figurative mark is used intensively, in particular for “computers” and “mobile phones” and has been one of the best-known figurative marks in this industry for years, both domestically and worldwide. The distinctiveness of the opposing mark is therefore far above average in relation to the goods in Class 9 “computers” and “mobile phones,” with at least an increased distinctiveness for the goods “software” in Class 9 and the services in Class 35 (“data processing services”). These goods and services were identical to the opposed application.

The Federal Patent Court emphasized that, contrary to the opposing party’s view, the opposing mark is not protected as a “motif.” The legal concept of protection of motifs is not recognized by

the German Trademark Act. Even in connection with the goods for which the opposing trademark was most intensively used (“computers” and “mobile telephones”), a likelihood of confusion does not necessarily arise simply because a younger trademark has *any* image of apples. Even in the case of an earlier trademark that can rely on a significantly increased distinctiveness, all the circumstances of the individual case remain relevant, so that, among others, the degree of visual similarity of the signs must always be examined on the basis of the typical assessment criteria.

The Federal Patent Court confirmed a visual similarity between the signs compared based upon the overall impression of the conflicting signs. The signs were similar in that they both contained a symbolic or silhouette-like image of an apple. Even though the contested mark had other figurative elements in addition to the symbolic representation of an apple (unlike the opposing mark, which consisted exclusively of a symbolic representation of an apple), those differences were not sufficient to create a clearly different visual effect. In this respect, the fact that the symbolic representation of an apple in the contested mark was particularly emphasized by its central arrangement and an overall design bordered by other figurative elements in the form of two branches or leaves had the effect of supporting confusion. The relevant public would be able to recognize the representation of the apple within the contested mark more quickly and more clearly than the two branches or leaves arranged in a circle, which also helped to distinguish the contested mark from the symbolic representation of an apple.

Regarding the “label-like” background of the contested mark, the Federal Patent Court recognized that as a common means of advertising graphics to which the public was sufficiently accustomed. In connection with Class 9 “software,” the custom has developed of representing inactive but executable computer programs on the screens of computers or on the displays of smartphones by means of symbolic icons. These icons regularly consist of various picture symbols rendered against a square background with “rounded” corners. The public will therefore understand the label-like background of the contested mark as a usual design element of an icon and will therefore pay little attention to it.

The surrounding branches or leaves were, according to the court, perceived more as decoration because of the prominent positioning of the apple, which is why such differences were less likely to be remembered by the public. Corresponding design elements that complement or relate to the relevant overall impression of the sign would be unlikely to be decisive to reduce the risk of confusion in such circumstances. As such, the opposition was upheld based upon a likelihood of confusion.

5. Germany—Federal Patent Court—Similarity of goods and retail services

In this case,⁴⁸ the opponent had opposed the registration of the mark TEANA in Class 29 for “meat wool; fish dishes; canned vegetables [tins]; powdered eggs, edible oils” on the basis of its prior rights in the trademark TEAVANA registered for “retail services relating to packaged and prepared foodstuffs; wholesale services and wholesale ordering services, all relating to packaged and prepared foodstuffs” in Class 35.

The German Patent and Trade Mark Office rejected the opposition, finding the goods and services to be similar but the trademarks to be dissimilar.

On appeal, the Federal Patent Office overruled the decision with respect to the selected goods and services, finding the goods “meat wool; fish dishes; canned vegetables [tins]; powdered eggs, edible oils” similar to an average degree to “retail services relating to packaged and prepared foodstuffs; wholesale services and wholesale ordering services, all relating to packaged and prepared foodstuffs.”

Although there are fundamental differences between the manufacture and distribution of goods and the provision of services, the criteria for the relationship between *goods* must also be assessed as to similarity between *goods and services*. In this respect, the decisive factor is whether the impression by the relevant public is that goods and services are subject to the control of the same company, whether by service companies independently engaged in the manufacture of the goods, or manufacturers independently commercially active in the corresponding service sector.

In the relationship between the services of a retailer and the goods that are the subject of the retail trade, the court confirmed that similarity between the retail services and the traded goods arises if the public assumes an origin of the goods and services from one company due to the proximity to the industry. This is particularly the case if the goods sector is one in which the retail companies offer products under their own trademarks in addition to goods from other companies. Insofar, the court found that this can be assumed in the food sector, as numerous retailers also offer food products under their own trademarks. The goods “meat wool; fish dishes; canned vegetables; egg powder, edible oils” of the later mark are packaged or prepared foodstuffs which may be the subject of the retail services of the earlier marks.

⁴⁸ Case No. 25 W (pat) 42/18 (German Federal Patent Court, May 31, 2021).

IV. BAD FAITH

A. *Introductory Comments*

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

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

The 2015 TM Directive expanded the mandatory grounds, providing that Member States must provide for bad faith as a mandatory (post-registration) *invalidity* ground going forward, as well as being a basis on which Member States may *optionally* provide that bad faith should be an opposition ground during the application phase. The relevant provisions of the 2015 TM Directive are Articles 4(2) and 5(4)(c).

Questions of bad faith, particularly in relation to trademark filing strategies, continued to be a “hot topic” for European trademark practitioners in 2021, such that subject continues to justify its own section in this Review. Following hard on the heels of *Skykick* (on which see UK developments below), the General Court’s decision in the MONOPOLY case (*Hasbro v. EUIPO—Kreativni Događaji*) was keenly anticipated on the question of whether repeat filing (so called “evergreening”) would amount to bad faith. The GC’s decision did not significantly take matters forward, stressing that the mere existence of a repeat filing alone does not amount to bad faith—but that a re-filing done with the intention of circumventing the consequences of non-use would surpass the threshold of bad faith. Since Hasbro had effectively admitted at an oral hearing that intention was one of the motivations for the re-filing strategy, the filing was “tainted” with bad faith and no other (legitimate) justifications could exonerate that decision. Many commentators expressed concern that the GC’s decision amounted to a stealth reversal of the burden of proof, requiring the brand owner to lead evidence as to its filing strategy if challenged, but hopes that the CJEU might elaborate on this point were dashed when the CJEU’s preliminary decision indicated (once again) that the appellant had failed to demonstrate how the GC’s (allegedly) incorrect assessment raised a significant issue with respect to the unity, consistency or development of EU law.

In national courts, the Paris Court of Appeal, France, in *CeramTec GmbH v. Coorstek Bioceramics LLC* considered a novel issue as to whether a shape mark filed to perpetuate the technical effect of an expired patent covering the material depicted in the

registration was an application made in bad faith. Before the UK courts, the Court of Appeal overturned the findings of the High Court in *Skykick* (reported in the previous edition of this Review), finding, among others, that a broad application for goods such as “computer software” with an intention to use for only particular types of software did not constitute bad faith. Finally, the High Court also considered the potential role of parody and intention for bad faith, finding that a potential intention to annoy a competitor through trademark applications, as part of a long-running dispute, did not amount to bad faith under the meaning of the UK legislation.

B. Legal Texts

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

1. An EU trademark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:
 - ...
 - b. where the applicant was acting in bad faith when he filed the application for the trademark.

Article 4(2) of the 2015 TM Directive

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

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

1. Any Member State may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid where, and to the extent that:
 - ...
 - (c) the trade mark is liable to be confused with an earlier trade mark protected abroad, provided that, at the date of the application, the applicant was acting in bad faith.

C. Cases

1. EU—GC—When does trademark re-filing constitute bad faith?

In *Hasbro v. EUIPO—Kreativni Dogadaji*,⁴⁹ the General Court considered an appeal from a decision of the Second Board of Appeal partly invalidating an EU trademark registration for the word MONOPOLY in relation to some of the goods and services in Classes 9, 16, 28, and 41. The applicant, Hasbro, Inc, had applied for the above registration in 2010. At the time of the filing, Hasbro already owned three other EU MONOPOLY word marks, registered in 1998 (goods in Classes 9, 25, and 28), 2009 (services in Class 41), and 2010 (in Class 16) together, the “earlier marks.”

In 2015, the intervener, Kreativni Dogadaji d.o.o., filed an application for a declaration that the contested mark was invalid in respect of all the goods and services covered by that mark. According to the intervener, Hasbro acted in bad faith when it filed the application for the contested MONOPOLY mark. It argued that the contested mark was a repeat filing of the earlier marks, and that Hasbro wanted to circumvent the obligation to prove genuine use of those marks in parallel opposition proceedings against the intervener.

The EUIPO Cancellation Division initially rejected the cancellation request altogether. It found that protecting the same mark over a period of 14 years was not, *per se*, an indication of an intention to evade the obligation of proving genuine use of the earlier marks. Further, the intervener’s allegations were not supported by evidence proving that there was bad faith on the part of the applicant. The intervener appealed. Following a rare oral hearing, the Second Board of Appeal annulled the first instance decision and held that Hasbro had acted in bad faith when filing the 2010 registration for goods and services identical to those covered by its earlier registrations. Consequently, the Board partially invalidated the contested registration in respect of those identical goods and services.

On appeal, the General Court upheld the Board’s decision to partially invalidate Hasbro’s registration, finding that Hasbro had indeed acted in bad faith in re-filing its earlier applications. Recalling previous case law in cases such as *Koton*⁵⁰ and *Lindt*,⁵¹ the Court first explained that bad faith arises where it is apparent from “relevant and consistent indicia” that the mark’s owner has filed the application not with the aim of engaging fairly in

⁴⁹ Case T-663/19 (GC, April 21, 2021).

⁵⁰ *Koton Mağazacılık Tekstil Sanayi ve Ticaret v. EUIPO*, Case C-104/18 P (CJEU, September 12, 2019).

⁵¹ *Chocoladefabriken Lindt & Sprüngli*, Case C-529/07 (CJEU, June 11, 2009).

competition but (i) with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or (ii) with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trademark. The Court noted that the burden of proof to demonstrate bad faith rests on the invalidity applicant and that the good faith of the trademark applicant is presumed until proven otherwise.

In reaching its decision, the Court stressed that the mere existence of a repeat filing alone does not amount to bad faith—as repeat filings are not prohibited after all—but that a re-filing done with the intention of circumventing the consequences of non-use would surpass the threshold of bad faith. The Court pointed out that Hasbro itself admitted (during the oral hearing before the Board) that one of the reasons for basing opposition on a re-filed mark was to avoid the necessity of submitting proof of use. The Court confirmed the Board’s conclusion that it is not the re-filing that was indicative of bad faith, but rather Hasbro’s statement admitting it had intentionally sought to get around a fundamental rule of EU trademark law, namely the rules relating to proof of use. The Court also pointed out that a mark owner cannot exonerate itself from bad faith on the basis that certain conduct was common market practice or was done on advice from counsel.

The Court further dismissed Hasbro’s claim that the Board of Appeal improperly focused on one aspect, namely the administrative advantage of not having to prove genuine use of the re-filed mark and ignored the many other good reasons the applicant had put forward in order to justify its trademark filing strategy. The Court pointed out that the Board did not focus solely on that aspect, but took other circumstances into account, too. For instance, it duly considered and deemed legitimate the fact that Hasbro re-filed the MONOPOLY mark for additional goods and services to keep up with developments in technology and its expanding business. At the same time, the Court agreed with the Board that it does not really matter how many different “good reasons” Hasbro gave during the proceedings to justify its re-filing. All the other reasons were tainted by the intention to circumvent the proof of use requirements. The Court emphasized the Board of Appeal stressing that “the fact that a filing is not only motivated by the advantage of not having to prove the genuine use of the mark, but other reasons as well, did not, in itself, make such a strategy acceptable.”

Postscript: Hasbro filed an appeal to the Court of Justice of European Union, asking the Court of Justice to set aside the judgment of the General Court. Hasbro argued that the significant issue with respect to the unity, consistency, or development of Union law was whether re-filing constitutes bad faith, not least since that

issue had never been examined by the Court of Justice, it would be very important for the development of EU trademark law. Hasbro also stressed that the approach toward trademark re-filing taken by the Board of Appeal and, subsequently, the General Court was very unusual. Hasbro also argued that the General Court departed from bad faith case law, such as *Lindt*, and that the General Court ruling effectively reversed the burden of proof for bad faith. Referring to *Biernacka-Hoba v. EUIPO—Formata Bogusław Hoba*,⁵² Hasbro pointed out that the General Court ignored the rule that good faith is presumed until proven otherwise and that it is for the invalidity applicant to prove the circumstances that make it possible to conclude that mark owner was acting in bad faith.

In its decision dated December 1, 2021, the CJEU denied permission for the appeal to continue. The Court ruled that the appellant's case merely pleaded the existence of an issue of principle without providing concrete arguments specific to the case to demonstrate how the General Court's (allegedly) incorrect assessment raised an issue that is significant with respect to the unity, consistency, or development of EU law.

2. France—Paris Court of Appeal—A trademark filed to perpetuate a technical feature was registered in bad faith

The Paris Court of Appeal's decision in *CeramTec GmbH v. Coorstek Bioceramics LLC*⁵³ concerned various color, figurative, and three-dimensional EUTM registrations held by the German company CeramTec GmbH. CeramTec specialize in the development, manufacture, and distribution of technical ceramic components for the medical industry, in particular for the composition of hip and knee implants.

In 1991, CeramTec filed a European patent designating France for a ceramic composite material that, due to a certain proportion of chromium oxide, had a particular pink color. In 2011, following the expiration of its patent, CeramTec filed an application to register three EUTMs, one for the pink color of the ceramic material and the other two for the pink color combined with the shape of the hip joint ball (one figurative and one three-dimensional).

The graphical representations of the three EUTMs are reproduced below:

⁵² Case T-23/16 (GC, March 8, 2017).

⁵³ Paris Court of Appeal, pole 5, 2nd Chamber, June 25, 2021, No. RG 18/15306.



In 2013, believing that Coorstek Bioceramics LLC (“Coorstek”), a U.S. company specialized in the manufacture of medical technical ceramic components (in particular for hip joints), was copying its pink color, CeramTec commenced litigation in France against Coorstek, claiming both (i) infringement of its trademarks and (ii) parasitic competition. Coorstek denied the claims and counterclaimed for (i) cancellation of CeramTec’s three EUTMs on the grounds of bad faith, (ii) abuse of trademark rights, and (iii) abuse of dominant position.

On February 22, 2018, the Paris *Tribunal de Grande Instance* rejected both of CeramTec’s requests. Further, it ordered the cancellation of CeramTec’s three EUTMs on the ground of bad faith, although it did not grant Coorstek’s other counterclaims.

CeramTec appealed the decision before the Paris Court of Appeal, arguing that the trademarks had not been filed in bad faith. It claimed that chromium oxide, used in a certain proportion that makes the ceramic material pink, had no technical effect and sought, in the alternative, a preliminary ruling from the Court of Justice of the European Union (CJEU).

Coorstek argued, to the contrary, that CeramTec registered the contested EU trademarks for the sole purpose of retaining and perpetuating a technical exclusivity that it had lost as a result of the expiration of its patent. It also claimed that the omissions and deliberately incomplete information presented by CeramTec to the EUIPO, at the time of filing, constituted acts of bad faith. Finally, it argued that the trademark registrations constituted an abuse of trademark rights.

The Court of Appeal upheld the cancellation of the three EU trademark registrations on the ground of bad faith as well as dismissing CeramTec’s trademark infringement and parasitic competition claims against Coorstek. The Court additionally ordered CeramTec to pay damages to Coorstek for abuse of trademark rights. The Court stated that in order to assess an applicant’s bad faith, its intention at the time of filing the trademark application must be taken into account.

Citing the CJEU guidance in *Koton*,⁵⁴ the Court stated that a trademark should be cancelled on the ground of bad faith only where it is apparent from relevant and corroborating evidence that the proprietor filed the trademark application, not with the aim of competing fairly but rather with the intention of prejudicing third-party interests, or with the intention of obtaining an exclusive right for purposes other than those that fall within the functions of a trademark. It further stated that any allegation of bad faith must be assessed globally, taking into account all of the relevant factual circumstances of the case.

In this case, the Court considered that the nature of the trademarks applied for (the shape of a colored product) and whether or not that color is due to a technical effect of the material covered by a patent must be taken into account.

It concluded that the pink color resulted from the presence of chromium oxide, in a certain proportion, in the composition of the patented material. At the time that the trademarks were filed, this proportion of chromium oxide in the composition of the patented material was considered by CeramTec, its competitors and users of the components, to have a technical effect and to contribute to the hardness and strength of the material. Therefore, even though it was later revealed that this proportion of chromium oxide had no effect on the strength of the material, CeramTec intended to obtain, at the time of the trademark filings, an exclusive right for purposes other than the trademark's function as an indication of origin.

The Court also examined the commercial logic behind the trademark applications and the chronology of events. It pointed out that CeramTec knew that competitors were preparing to enter the market with products made of the same pink-colored ceramics once its patent had fallen into the public domain. It filed the trademarks a few days after the patent expired despite the fact that the pink-colored product had been in use for ten years. The Court considered that while the same product may be protected by several industrial property rights, the succession of these rights must not be used to protect the same characteristic of the product, in this case its technical characteristic, in order to unduly extend the monopoly initially conferred by the patent.

Consequently, the Court concluded that CeramTec sought to indefinitely perpetuate the technical effect of its patent covering the material in order to prevent competitors from marketing products of the same nature and strength, and to protect access to its market. It held therefore that CeramTec had filed the EU trademarks in bad faith.

Interestingly, however, the Court stated that CeramTec's failure to disclose the existence of its patent to the EUIPO itself was not,

⁵⁴ Case C-104/18 (CJEU, September 12, 2019).

alone, sufficient to deduce bad faith since there is no obligation for the applicant to provide such information during the trademark examination procedure.

With regard to parasitic competition, the Court held that, since the color pink was not perceived as an arbitrary element but rather resulting directly from the particular proportion of chromium oxide, it could not be considered to constitute an economic value for CeramTec, and dismissed its claims in this respect.

Finally, on the basis of abuse of trademark rights, the Court awarded compensation for Coorstek's non-pecuniary damage on the grounds that the registration of the trademarks in bad faith had resulted in it being excluded from the market for fourth-generation prosthesis components.

3. UK—Court of Appeal—Are broad trademark filing strategies (really) indicative of bad faith?

In the case of *Sky Ltd & Ors v. Skykick, UK Ltd & Anor*,⁵⁵ the UK Court of Appeal overturned the High Court's ruling that certain of Sky's trademark filings had been filed in bad faith. According to the Court, the allegation of bad faith against Sky was, in essence, an allegation that when Sky applied for goods such as “*computer software*” it had acted in bad faith since it intended to use its marks for only *particular types of software* but not *all* types of software. The Court held that this did not constitute bad faith.

Brief background

In May 2016, the media company Sky had issued trademark infringement proceedings against cloud management software solution provider, Skykick, arguing that its use of “Skykick” in relation to “Cloud Migration” and “Cloud Backup” services had infringed Sky's EU trademarks. Sky's trademarks were registered for (among other things) “computer software” and “electronic mail services.” Skykick counterclaimed on the basis that the trademarks relied upon by Sky were wholly or partly invalidly registered since (i) the specifications of goods and services lacked clarity and precision and (ii) the applications were made in bad faith (i.e., a deliberate attempt to restrict third parties).

Following a referral to the CJEU,⁵⁶ the High Court held⁵⁷ that it was clear that Sky's trademarks could not be declared wholly or

⁵⁵ [2021] EWCA Civ 112.

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

⁵⁷ [2020] EWHC 990 (Ch) (April 29, 2020). For commentary on this case, see Tom Scourfield, *Annual Review of EU Trademark Law: 2020 in Review*, 111 TMR, 588-590 (2021).

partly invalid on the ground that its specifications were lacking in clarity or precision. The High Court therefore dismissed this part of Skykick's counterclaim. Further, Skykick accepted that, in light of the CJEU's ruling, Sky's trademarks could also not be declared wholly invalid on the basis of bad faith; there was only scope for the registrations to be declared partially invalid.

In respect of the infringement claim, Skykick did not initially allege that Sky's marks had been filed in bad faith in respect of the terms "telecommunications services" and "electronic mail services." Although Skykick attempted to amend its pleadings in this respect, the High Court refused and so Sky's trademarks remained validly registered for both of these terms, which ultimately led to a finding of infringement in respect of those services.

As for the balance of Skykick's counterclaim, in considering the CJEU's ruling on bad faith, the High Court held that Sky's registrations were partially invalid.

Arnold LJ held that Sky acted in bad faith in two ways:

1. by applying for trademarks where it had no intention to use them for all the goods and services covered by the specifications and where it had no foreseeable prospect of ever doing so (the "No Prospect of Use Ground"); and
2. by seeking broad protection in its trademark applications irrespective of whether this was commercially justified (the "Broad Strategy/No Justification Ground").

As a result, the High Court declared Sky's trademarks as partially invalid. In determining what terms should replace the overly broad terms, the High Court found that the specification should reflect the use made and a "modest penumbra" of broader protection beyond. Sky appealed the finding of partial invalidity and bad faith.

The Court of Appeal decision

The Court allowed Sky's appeal on the issue of bad faith.

In relation to the No Prospect of Use Ground, the Court found that it was "implicit" that Sky's trademark applications were, at least in part, made with the intention to protect the goods and services for which Sky had present trade and a future expectation of trade. This therefore distinguished the case from those where the only objective of the trademark application is to restrict third party use. The Court confirmed that even though Sky's specifications include a broad category of goods and services (e.g., "computer software") and that Sky "had no prospect of using the mark in relation to every conceivable sub-division of computer software," this was not an indication of bad faith.

The Court of Appeal also overturned the High Court's finding of bad faith under the Broad Strategy/No Justification Ground.

Specifically, the Court explained that “an applicant for a trade mark does not have to formulate a commercial strategy for using the mark in relation to every species of goods or services falling within a general description.” Moreover, an applicant could not be “accused of bad faith in the light of its strategy for applying for protection of sufficient width to cover some further, as yet unformulated, goods within the same category.”

The Court concluded that Sky had “obvious commercial justification” for including the term “computer software” in the specifications and there was no requirement for Sky to demonstrate an intention to use the trademarks for every type of “computer software” or other sub-set of the broad categories of goods and services that were featured in the specifications.

4. UK—HC—Can parody constitute bad faith?

In the case of *Swatch AG v. Apple Inc.*,⁵⁸ the UK High Court overturned a Hearing Officer’s decision to extend the doctrine of bad faith to cases of parody. The court reiterated that the burden of proof in bad faith cases is on the alleging party and highlighted the inherent difficulty for legal teams in proving that an applicant’s subjective intentions are objectively viewed as being below the standard of the reasonable business person (i.e., that they have acted in bad faith). The fact that Swatch *might* have intended to annoy Apple through its trademark applications, in what was part of a long-running dispute, did not amount to bad faith under Section 3(6) of the Trade Marks Act 1994.

Background

The two parties had been involved in several trademark disputes since Apple’s entry into the (smart) watch market in 2015, for marks such as TICK DIFFERENT and I-SWATCH. In this latest dispute, Apple opposed Swatch’s application to register UK trademarks ONE MORE THING and SWATCH ONE MORE THING, a phrase that had come to be associated with high-profile Apple product launches and popularized by its late CEO, Steve Jobs. Apple opposed the applications on the grounds of bad faith under Section 3(6) as well as alleging prior (passing off rights).

In the UK IPO hearing, Apple argued that its primary case was that Swatch’s application was a “blocking application” intended to prevent Apple from using the popular phrase, and as a retaliation for the wider dispute between the parties. The Hearing Officer held that Apple’s pleadings were not wide enough to support an argument that Swatch had made a “blocking” application. However, Apple’s claim of bad faith was upheld on the grounds that the

⁵⁸ [2021] EWHC 719 (Ch).

applications, made on the basis of a parody, may also *denigrate* Apple and consequently fall short of the standards of acceptable commercial behavior.

Swatch appealed the bad faith finding on the following grounds:

1. That the Hearing Officer lacked the evidence to find that Swatch's intended use of ONE MORE THING was for parody, citing authority⁵⁹ that because of the seriousness of an allegation of bad faith, it must be distinctly proved and cannot be found merely on the basis of facts that could also be consistent with good faith.
2. In any event, even if an intention of parodic use was found, this would be insufficient to amount to bad faith.

The High Court's Decision

The High Court overturned the Hearing Officer's decision: the Hearing Officer had erred in law by reaching a conclusion of bad faith based on an intended use of parody.

The High Court did agree with the Hearing Officer that: (i) the timing of Swatch's applications; (ii) the lack of alternative explanations given by Swatch as to its intentions; and (iii) the making of another "Apple targeted" application for TICK DIFFERENT, taken together, were sufficient to conclude that the applications were at least partly made to annoy Apple. However, the Hearing Officer had, based on the evidence, gone too far in concluding that Swatch's *intended use* was parody.

In reaching this decision, the judge made several observations on the case:

1. That Apple had relied heavily on online comments suggesting that Swatch might try to roll out "trolling" advertisements. These comments were deemed to be of no evidential value, as the authors had no knowledge of Swatch's intentions, nor any special expert insight that would allow them to deduce such intentions any better than the Hearing Officer could.
2. Although the Hearing Officer was entitled to be "unimpressed" by Swatch's failure to provide an alternative explanation for their intentions, this did not prove anything in itself.
3. There was no evidence of any practice of parodic advertising carried out by Swatch in the past.
4. It was unclear how such parodic use of the mark would even be effective, given the Hearing Officer found that only a small number of people associated the mark with Apple.

⁵⁹ Red Bull GmbH v. Sun Mark Limited, [2012] EWHC 1929 (Ch) at [133].

The Court, after examining the evidence, held that it would be reasonable and consistent with the evidence that Swatch had “not given much thought” to what they would do with the marks in question at the date of the applications.

The High Court followed the CJEU’s decision in *Sky v. SkyKick*,⁶⁰ which held that bad faith applies only where a party had “the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties.” Applying this to the facts, the Court ruled that the mere fact that a mark *might* be used for parodic purposes was unlikely to meet this standard, particularly as the mark in this case was inoffensive.

The Court went on to consider the situation even if it could have been shown that Swatch intended to use the mark for parody, noting “Poking fun’ and ‘parody’ cover a multitude of possibilities from gentle and affectionate teasing to full-frontal attacks. I do not consider that it is an inherently dishonest business practice to use a sign which brings another trader to the mind of some consumers in an amusing but inoffensive way. Such an activity would not necessarily undermine the interests of the third party in any material way.” Accordingly, even some types of parodic use on its own would not be sufficient to amount to bad faith. Consequently, both grounds of appeal were allowed, and the arguments of bad faith were rejected.

V. USE OF A TRADEMARK

A. *Introductory Comments*

The following Part V includes cases with a common theme where the central questions to be considered relate to “use of a trademark.” Questions of use of a trademark arise in a wide variety of ways in European trademark law, including *how* a mark is used (such as the manner, form, genuine nature, and intention of use), *when* (duration of use), and *where* (territory of use) in relation to *what* goods and services (as against a mark’s specification), as well as *how* such use is perceived by the average consumer and the consequences arising from such perception.

Neither the 2015 TM Directive nor the 2017 EUTM Regulation requires that a trademark should be in use *before* the mark may be registered. There is 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. Similarly,

⁶⁰ *Sky PLC and Others v. Skykick UK Ltd. and Skykick Inc.*, Case C-371/1 (CJEU, January 29, 2020) (EU:C:2020:45). For commentary on this case, see Tom Scourfield, *Annual Review of EU Trademark Law: 2019 in Review*, 110 TMR, 539-542 (2020).

there is no formal requirement that the trademark owner should prove ongoing (or indeed any) use of the trademark upon the administrative act of renewal of the registration, or at any other periodic interval. Nevertheless, the EU trademark regime operates on a “use it or lose it” principle. An EU trademark becomes vulnerable to attack on grounds of non-use once it has been registered for five years. A similar rule applies in relation to trademarks registered with national EU trademark authorities.

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

Aside from acquired distinctive character, the question of whether 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 grounds of non-use are found in Articles 18 and 58(1) of the 2017 EUTM Regulation. The parallel provisions in relation to the trademark registrations on the registers of EU Member States are set out in Articles 16 and 19 of the 2015 TM Directive.

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

The CJEU heard very few cases on trademark use in 2021. In *Dermavita v. EUIPO*, Allergan Holdings France refused permission to appeal from a General Court judgment that had found that genuine use of the goods at issue, although not technically “pharmaceuticals” (as registered), there was no material difference between the action of the goods as used and the effect of the goods as registered, so such use was sufficient to guarantee the essential function of the trademark. National courts in Spain considered whether use of a sub-set of a specification would constitute use for the broader category, together with the ability of the term SWIPE

RIGHT to indicate origin as a result of use made of it, while in Austria the courts examined the potential for deceptive use by the proprietor following a change of ownership. Beyond the EU, in Turkey the courts confirmed “temporary” use to avoid revocation is not to be deemed genuine and the UK courts gave useful guidance as to when a U.S. website might be deemed targeting consumers and thus “using” trademarks for the purposes of jurisdiction over alleged infringing acts.

B. Legal Texts

Article 7 of the 2017 EUTM Regulation

Absolute grounds for refusal

1. The following shall not be registered:
 - (a) . . .
 - (b) trade marks which are devoid of any distinctive character;
 - (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
 - (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;

. . .
2. Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Union.
3. Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it. (Emphasis added.)

Article 4 of the 2015 TM Directive

Absolute grounds for refusal or invalidity

1. The following shall not be registered:
 - (a) . . .
 - (b) trade marks which are devoid of any distinctive character;

- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
 - (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
- ...
2. A trade mark shall not be refused registration in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration, following the use which has been made of it, it has acquired a distinctive character. A trade mark shall not be declared invalid for the same reasons if, before the date of application for a declaration of invalidity, following the use which has been made of it, it has acquired a distinctive character. (Emphasis added.)
 3. Any Member State may provide that paragraph 4 is also to apply where the distinctive character was acquired after the date of application for registration but before the date of registration.

Article 16 of the 2015 TM Directive

1. If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trade mark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during a continuous five-year period, the trade mark shall be subject to the limits and sanctions provided for in Article 17, Article 19(1), Article 44(1) and (2), and Article 46(3) and (4), unless there are proper reasons for non-use.
2. Where a Member State provides for opposition proceedings following registration, the five-year period referred to in paragraph 1 shall be calculated from the date when the mark can no longer be opposed or, in the event that an opposition has been lodged, from the date when a decision terminating the opposition proceedings became final or the opposition was withdrawn.
3. With regard to trade marks registered under international arrangements and having effect in the

Member State, the five-year period referred to in paragraph 1 shall be calculated from the date when the mark can no longer be rejected or opposed. Where an opposition has been lodged or when an objection on absolute or relative grounds has been notified, the period shall be calculated from the date when a decision terminating the opposition proceedings or a ruling on absolute or relative grounds for refusal became final or the opposition was withdrawn.

4. The date of commencement of the five-year period, as referred to in paragraphs 1 and 2, shall be entered in the register.
5. The following shall also constitute use within the meaning of paragraph 1:
 - (a) use of the trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, regardless of whether or not the trade mark in the form as used is also registered in the name of the proprietor;
 - (b) affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes.
6. use of the trade mark with the consent of the proprietor shall be deemed to constitute use by the proprietor.

Article 17 of the 2015 TM Directive

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

Article 19 of the 2015 TM Directive

...

1. A trade mark shall be liable to revocation if, within a continuous five-year period, it has not been put to

genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

2. No person may claim that the proprietor's rights in a trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application for revocation, genuine use of the trade mark has been started or resumed.
3. The commencement or resumption of use within the three-month period preceding the filing of the application for revocation which began at the earliest on expiry of the continuous five-year period of non-use shall be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.

Article 44 of the 2015 TM Directive

1. In opposition proceedings pursuant to Article 43, where at the filing date or date of priority of the later trade mark, the five-year period within which the earlier trade mark must have been put to genuine use as provided for in Article 16 had expired, at the request of the applicant, the proprietor of the earlier trade mark who has given notice of opposition shall furnish proof that the earlier trade mark has been put to genuine use as provided for in Article 16 during the five-year period preceding the filing date or date of priority of the later trade mark, or that proper reasons for non-use existed. In the absence of proof to this effect, the opposition shall be rejected.
2. If the earlier trade mark has been used in relation to only part of the goods or services for which it is registered, it shall, for the purpose of the examination of the opposition as provided for in paragraph 1, be deemed to be registered in respect of that part of the goods or services only.
3. Paragraphs 1 and 2 of this Article shall also apply where the earlier trade mark is an EU trade mark. In such a case, the genuine use of the EU trade mark shall be determined in accordance with Article 15 of Regulation (EC) No 207/2009.

Article 46 of the 2015 TM Directive

1. In proceedings for a declaration of invalidity based on a registered trade mark with an earlier filing date or priority date, if the proprietor of the later trade mark so

requests, the proprietor of the earlier trade mark shall furnish proof that, during the five-year period preceding the date of the application for a declaration of invalidity, the earlier trade mark has been put to genuine use, as provided for in Article 16, in connection with the goods or services in respect of which it is registered and which are cited as justification for the application, or that there are proper reasons for nonuse, provided that the registration process of the earlier trade mark has at the date of the application for a declaration of invalidity been completed for not less than five years.

2. Where, at the filing date or date of priority of the later trade mark, the five-year period within which the earlier trade mark was to have been put to genuine use, as provided for in Article 16, had expired, the proprietor of the earlier trade mark shall, in addition to the proof required under paragraph 1 of this Article, furnish proof that the trade mark was put to genuine use during the five-year period preceding the filing date of priority, or that proper reasons for non-use existed.
3. In the absence of the proof referred to in paragraphs 1 and 2, an application for a declaration of invalidity on the basis of an earlier trade mark shall be rejected.
4. If the earlier trade mark has been used in accordance with Article 16 in relation to only part of the goods or services for which it is registered, it shall, for the purpose of the examination of the application for a declaration of invalidity, be deemed to be registered in respect of that part of the goods or services only.
5. Paragraphs 1 to 4 of this Article shall also apply where the earlier trade mark is an EU trade mark. In such a case, genuine use of the EU trade mark shall be determined in accordance with Article 15 of Regulation (EC) No 207/2009.

Article 18 of the 2017 EUTM Regulation

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

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

- (a) use of the EU trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, regardless of whether or not the trademark in the form as used is also registered in the name of the proprietor.
 - (b) affixing of the EU trade mark to goods or to the packaging thereof in the EU solely for export purposes.
2. Use of the EU trade mark with the consent of the proprietor shall be deemed to constitute use by the proprietor.

Note: The wording “regardless of whether or not the trademark in the form as used is also registered in the name of the proprietor” is new, and reflects case law under the old 2009 EUTM Regulation.

Article 47 of the 2017 EUTM Regulation

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

Article 64(2) of the 2017 EUTM Regulation

1. If the proprietor of the EU trade mark so requests, the proprietor of an earlier EU trade mark, being a party to the invalidity proceedings, shall furnish proof that,

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

Article 57 of the 2017 EUTM Regulation

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

Article 58 of the 2017 EUTM Regulation

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

Article 127(3) of the 2017 EUTM Regulation

1. In the actions referred to in points (a) and (c) of Article 124,⁶¹ a plea relating to revocation of the EU trade mark submitted otherwise than by way of a counterclaim shall be admissible where the defendant claims that the EU trade mark could be revoked for lack of genuine use at the time the infringement action was brought.

C. Cases

1. EU—CJEU—Can use of goods with differing elements, by companies in the same group as the proprietor, constitute genuine use of a trademark?

In *Dermavita v. EUIPO—Allergan Holdings France*,⁶² the CJEU declined to review the General Court's judgment that the proprietor of the EU trademark JUVÉDERM, registered for goods in Class 5

⁶¹ Namely, infringement actions and actions for compensation in respect of post-publication, pre-registration acts.

⁶² *Dermavita v. EUIPO (Appeal—EUTM—Order)*, [2021] Case C-26/21P_CO (CJEU, May 4, 2021).

for “pharmaceutical products administered by injection for use in moisturising skin and reducing wrinkles” (“the contested mark”), had proved genuine use. The CJEU ruled that the applicant’s appeal was not allowed to proceed on the basis that the appellant’s request was not capable of establishing that the appeal raised an issue that was significant with respect to the unity, consistency, or development of EU law.

Background

In March 2008, Allergan Holdings France (Allergan Inc. at the time of registration) (“Allergan”) successfully registered the contested mark. In April 2016, Dermavita Co. Ltd. (formerly Dermavita Company (Limited Partnership) Parseghian & Partners) (“Dermavita”) applied to invalidate the contested mark on the grounds that the trademark had not been put to genuine use for a continuous period of five years under Article 51(1)(a) of the 2017 EUTM Regulation (now Article 58(1)(a) of the 2017 EUTM Regulation).

The Cancellation Division of the EUIPO dismissed Dermavita’s application for revocation in its entirety. Dermavita subsequently appealed this decision to the Fourth Board of Appeal of the EUIPO, which dismissed Dermavita’s appeal on the ground that the proprietor of the contested mark had proved genuine use of that mark during the relevant period.

In reaching its decision, the Board of Appeal noted that the contested mark had been used by other entities in the Allergan group with the consent of the proprietor of the trademark and the goods in connection with which use had been proved also belonged to Class 5. Both of these factors were sufficient to establish genuine use.

Dermavita subsequently appealed to the General Court and argued that the decision of the Board of Appeal should be annulled on the basis that the Board of Appeal had been wrong to find that the contested mark:

1. had been put to *genuine use* in connection with the goods in respect of which it was registered;
2. had been used in the *form* in which it was registered; and
3. been used by the *proprietor* or on its behalf.

The General Court’s decision

The General Court dismissed Dermavita’s appeal in its entirety, agreeing with the Board of Appeal’s finding that there had been genuine use of the contested mark during the relevant period.

In relation to the *genuine use* plea, the General Court rejected the applicant’s argument that the goods at issue were not

“pharmaceuticals” (as registered) and ruled that there was no material difference between the action of the goods as used and the effect of the goods as registered. Accordingly, the use of the goods for one of the two named purposes was sufficient to guarantee the essential function of the trademark.

In relation to use in the requisite form, the General Court rejected the applicant’s argument that the evidence of use that had been provided concerned goods registered under various other composite trademarks and the marks used did not belong to a family of trademarks. The General Court noted that use in a form differing in elements that do not alter the distinctive character of the mark in the form in which it was registered is sufficient to constitute use.

The General Court also rejected the third argument relating to use by the proprietor (or on their behalf) since the use of a trademark by a company that is economically linked to the proprietor of the mark is presumed (or deemed) to be use of that mark with the consent of the proprietor.

Dermavita appealed to the CJEU against the decision of the General Court and submitted the following two grounds in support of its appeal (which it argued raised issues that are significant with respect to the unity, consistency, or development of EU law):

1. the General Court erred in its interpretation of the formulation ‘in connection with the goods and services in respect of which [the trademark] is registered’ set out in Article 15 of the 2009 EUTM Regulation (EC); and
2. the General Court erred in law by failing to specify the criteria to be applied in assessing whether the goods in respect of which the mark was registered were the same as the goods in connection with which the mark was used.

The CJEU’s decision

The CJEU dismissed the appeal in its entirety, holding that the appeal should not be allowed to proceed to a full hearing at the CJEU. Specifically, the CJEU held that the request submitted by Dermavita was not capable of establishing that the appeal raised an issue that is significant with respect to the unity, consistency, or development of EU law.

In reaching its decision, the CJEU noted that although the appellant had identified an error of law allegedly committed by the General Court, it was neither sufficiently explained nor, in any event, demonstrated by the arguments relied on in support of the appellant’s request. Moreover, the CJEU noted that the appellant had not demonstrated to the requisite legal standard how the alleged failure of the General Court to state reasons in its judgment raised an issue that is significant with respect to the unity, consistency, or development of EU law. Accordingly, the appellant

had not overcome the burden of proof for the appeal to be allowed to proceed.

2. Spain—Appeal Court of Barcelona—When can use of a sub-class constitute use for that category?

An individual, Mr. Manuel Salvador Carrion sued Tommy Hilfiger Stores Spain, S.L. (“Tommy Hilfiger”) for infringement of its Spanish Trademark Registration No. 2895492 TH TOLENTINO HAUTE HATS (below, left) registered for “clothing, footwear and hats” in Class 25. The claimant manufactured and sold women’s dress hats for formal occasions. Tommy Hilfiger was using the trademark “TH” for clothing and footwear in Spain (below, right).



Tommy Hilfiger defended the claim, arguing that logo used had been created in 2002, that it had been used in Spain since 2009, and that Tommy Hilfiger owned EU Trademark Registration No. 011267945 “TH” (see figure above) in Classes 3, 9, 14, 18, 24, and 25, which had never been opposed or challenged by the plaintiff. At the same time, Tommy Hilfiger filed a counterclaim seeking revocation of the plaintiff’s trademark for lack of genuine use. According to Tommy Hilfiger, Mr. Carrion was using the trademark as a plain word mark and not in its figurative form as registered. In the alternative, it also sought the partial revocation of the mark for all the goods except for “women’s hats.”

The Commercial Court No. 6 of Barcelona upheld⁶³ the non-use counterclaim of Tommy Hilfiger and cancelled the trademark for the goods except for “women’s hats.” The infringement claim was also rejected, with the Court finding that the difference between “hats” and “clothing and footwear,” together with the different overall comparison of the marks, avoided any likelihood of confusion.

⁶³ Judgment of the Commercial Court No. 6 of Barcelona, of December 5, 2019, Case No. 1018/2017.

The case was appealed by Mr. Carrion. By judgment of January 18, 2021,⁶⁴ the Barcelona Court of Appeal partially confirmed the judgment of Barcelona Commercial Court No. 6.

On the revocation action, the Court of Appeal overturned the decision to cancel the trademark for all goods except for “women’s hats.” The Court of Appeal quoted paragraph 31 of the judgment of the General Court in *TIGHA*, Case T-94/17⁶⁵:

although the principle of partial use operates to ensure that trademarks which have not been used for a given category of goods are not rendered unavailable, it must not result in the proprietor of that trademark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner. It must be observed in that regard that it is in practice impossible for the proprietor of a trademark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration. Consequently, the concept of “part of the goods or services” cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories for.

Accordingly, the Appeal Court of Barcelona considered that the use of the trademark for “women’s hats” was sufficient to consider that the trademark had been used for “hats,” so while the trademark should indeed be cancelled for “clothing and footwear,” the registration could be maintained for “hats.”

Regarding the trademark infringement action, the Court of Appeal upheld the rejection of the claim at first instance. The average consumer of the goods was a consumer with significant purchasing power and who would pay attention to small details. Comparing “hats” with “clothing and footwear” they might be regarded as similar, but only to a low degree, as complementary items. Finally, the Appeal Court held that the signs were sufficiently dissimilar to avoid confusion. The dominant and distinctive element of the plaintiff’s trademark was the word “TOLENTINO,” and not the logo “TH,” which was more likely to be perceived as an accessory/decorative element in the overall impression. The Court also recognized that confusion was unlikely

⁶⁴ Judgment No. 79/2021 of the Appeal Court of Barcelona (Section 15), dated January 18, 2021 (Appeal 873/2020).

⁶⁵ Judgment of the General Court of the European Union dated September 13, 2018 (Case T-94/17 *TIGHA/TAIGA*) subcategories (judgments of July 14, 2005, *ALADIN*, Case T-126/03, EU:T:2005:288, paragraph 46, and of March 6, 2014, *Anapurna v. OHIM—Anapurna (ANNAPURNA)*, T-71/13, not published, EU:T:2014:105, paragraph 63).

to arise where Tommy Hilfiger always sold the goods together with the word element “TOMMY HILFIGER” to indicate origin.

No order for costs was made as the Court of Appeal felt the position at law was insufficiently clear to award costs. A further appeal is pending before the Supreme Court at the time of writing and there is also a pending cancellation action at the EUIPO of Tommy Hilfiger’s EU Trademark Registration No. 011267945 “TH.”

3. Spain—High Court of Justice of Madrid—Had the term “Swipe Right” become customary in trade for users of mobile phone dating apps?

This case considers the distinctiveness of Match Group, LLC’s trademarks SWIPE and SWIPE RIGHT in Spain. On January 10, 2019, Match Group filed Spanish Trademark Applications No. 3750866 “SWIPE” and 3750871 “SWIPE RIGHT” to cover “dating services; internet based social networking, introduction and dating services” (Class 45). The application was opposed by the company Bumble Holding Limited for a lack of distinctive character, descriptiveness, and the fact that these words had become customary in trade for users of dating services on mobile phones.

The initial opposition was rejected by the Spanish PTO. The Examination Division considered that the average Spanish consumer of the services applied for would not perceive the meaning of the terms “SWIPE” and “SWIPE RIGHT” and granted the applications.

Bumble appealed the decision, and the Board of Appeals of the Spanish PTO upheld the appeal. The Board of Appeals considered that the appellant had demonstrated through the filing of documentary evidence consisting of patent applications related to mobile phones and documents obtained from the Internet that “SWIPE” described a functionality of an app relating to Internet-based social networking, introduction and dating services, namely the movement of the finger across a touchscreen in order to activate a function on such an app. Regarding “SWIPE RIGHT,” the Board of Appeals considered that it referred to the movement of the finger to the right across a touchscreen. Therefore, the Board agreed with Bumble that the marks describe a characteristic of the services at issue, namely a key functionality related to their method of use.

Match Group appealed the decision before the High Court of Justice of Madrid. In its appeal, it stated that most of the evidence that had been filed by Bumble before the Board of Appeals referred to the use of “SWIPE” and “SWIPE RIGHT” in the app TINDER of Match Group, so Bumble had demonstrated the applicant’s own functionality, not that of the market. It also argued that the level of English language of the average Spanish consumer is low, as it has been stated by the General Court of the European Union in

Case T-515/12.⁶⁶ In order to support its arguments, Match Group filed survey evidence, consisting of a market survey conducted in Spain showing that the relevant Spanish public of the applied for services was not aware of the meaning of the words “SWIPE” and “SWIPE RIGHT.” For those minority who did associate it with a specific business origin, it was specifically with the TINDER app of the applicant.

Both Bumble and the State Attorney representing the Spanish Patent and Trademark Office opposed the appeal and insisted that the Board of Appeals was correct in its conclusions because the average Spanish consumer of dating and social networking services offered through the Internet was familiar with the use of these mobile applications and, consequently, was familiar with the “SWIPE” and “SWIPE RIGHT” functionalities, which were not only used in the app TINDER but also on other online social networks that operate through this system, such as Snapchat or Instagram.

The High Court of Justice of Madrid upheld the appeals of Match Group and revoked the refusal decisions of the Spanish Patent and Trademark Office. In decisions of November 8, 2021⁶⁷ (SWIPE RIGHT) and December 30, 2021⁶⁸ (SWIPE), the Court stated that terms in a foreign language must be considered, in general, fanciful expressions unless they are words that are generally used by the average consumer. The burden of proof is on the party seeking to assert the existence of the absolute grounds for refusal.

Contrary to what had been argued by Bumble, the Court considered that the relevant public of dating apps was not young people familiar with the use of such terms in mobile applications and Internet but the general public. Neither Bumble nor the Spanish PTO had proved that the use of “SWIPE” and “SWIPE RIGHT” had become customary in trade for the average Spanish consumer. This could not be inferred from the documentary evidence filed by Bumble consisting of news published on the Internet, web page or magazine articles, patent applications, and even screenshots of tweets, printouts of blog entries, or printouts of comments from certain forums.

The Court considered that Match Group has successfully contested the opponent’s arguments through the evidence filed. The market surveys proved that 73% of the Spanish population between 18 and 65 did not know the meaning of the term “SWIPE,” 90% of that population did not link the term to any brand or company, 59% of the users of dating app users did not know the know the meaning

⁶⁶ Case T-515/12 (GC, October 27, 2016) (EL CORTE INGLÉS/THE ENGLISH CUT).

⁶⁷ Judgment No. 628/2021 of the High Court of Justice of Madrid (Section 2), Proceedings 208/2020.

⁶⁸ Judgment No. 762/2021 of the High Court of Justice of Madrid (Section 2), Proceedings 209/2020.

of “SWIPE,” 82% of dating app users did not associate the term with any specific brand or company, and most of the 18% that did associate it with a specific brand or company associated it with the TINDER app. Consequently, the Court confirmed the registrability of the trademarks and made an award of costs in favor of Match Group.

4. Austria—Austrian Supreme Court—When can use of a mark by a particular proprietor render it invalid as misleading?⁶⁹

The defendant was the owner of the EUTM No. 012315719 (word and figurative mark) PAUSCHA AUSTRIA - SINCE 1875, as below:



The application was filed on November 15, 2013, and the trademark was registered on March 19, 2014. The trademark was registered for various goods and services in Classes 20 (goods made of wood, barrels, drums not of metal, barrels [small] not of metal, in particular, small barrels, storage barrels, and cooking stands in round and oval shape), 37 (construction, repair, maintenance, repairs, and restoration, in particular, of wooden barrels and wine barrels) and 40 (material processing, in particular, wood processing for the production of wooden barrels). The defendant used this trademark to identify its services as well as its wooden barrels.

The historical context of the mark was important. In 1875, an entrepreneur named J. Pauscha founded a business of barrel production in the area of present-day Slovenia. From 1929, it was a family-owned business and after the second World War the Pauscha family moved to Austria, where it continued its business. In 1998, the business was converted into a newly founded limited liability company, which ultimately became bankrupt in 2010. The company was acquired by the Pauscha family together with an investor and subsequently renamed as Pauscha Fassbinderei GmbH.

In May 2011, K. Pauscha left this company and founded the plaintiff, with K. Pauscha as a shareholder (the decision is silent on the precise extent of the shareholding) and managing director. From that date, Pauscha Fassbinderei GmbH was managed without the operational involvement of the Pauscha family. On January 13,

⁶⁹ Austrian Supreme Court, 15.03.2021, 4Ob221/20h.

2014, insolvency proceedings were commenced against the assets of this limited liability company, and the company was ultimately closed and dissolved. The trademark and the domain www.pauscha.at as well as the machines were initially acquired and later sold to an Italian company. In April 2014 (after registration of the Pascha trademark), the aforementioned Italian company established the defendant, which set up a new production site in Wolfsberg. Apart from the trademark, the domain, and the machines, three employees of the former Pauscha Fassbinderei GmbH joined the defendant company.

The defendant manufactured its wooden barrels according to the tradition of an Italian family. Their wooden barrels differ from the Pauscha wooden barrels in the method of production, appearance, and stave thickness. The type and tradition of production of wine barrels is of great relevance for buyers of the barrels, particularly winemakers, because the construction method has an impact on the taste of the wine stored in it.

On its website, the defendant stated, among other things, “Our traditional craft company, Pauscha Austria, has been producing barrels and casks for the refinement of wines and distillates since 1875. The company Pauscha Austria - since 1875 continues the long tradition of barrel making.”

The plaintiff sought to have the defendant's trademark at issue declared invalid, or, in the alternative, revoked, effective as of April 7, 2014. In using the trademark, the defendant referred to the long business tradition of the Pauscha family since 1875. With K. Pauscha, the Pauscha family tradition had, in fact, left the defendant's company in 2011, so the defendant's use of the trademark was misleading.

The defendant argued that it was the legal successor to Pauscha Fassbinderei GmbH, into which the original family business Pauscha had been incorporated. The trademark had therefore been rightly applied for and registered. Alternatively, it would be possible to use the trademark in the future in a way that was not misleading—for example, by referring to the Italian cooper family or by omitting the addition “since 1875.”

The court of first instance dismissed the claim for a declaration of invalidity but granted the alternative claim for revocation of the trademark with effect from April 7, 2014. It also granted an injunction and publication of the judgment, because the labelling of the defendant's wooden barrels created the impression, particularly among winegrowers, of an uninterrupted continuation of the business and craft tradition of the Pauscha family. The mark was misleading within the meaning of Article 58(1)(c) of the 2017 EUTM Regulation. In fact, the defendant produced barrels at a new production site according to its own design, without being able to use the know-how of the Pauscha family business.

The Court of Appeal upheld this decision and affirmed the ground for revocation under Article 58(1)(c) of the 2017 EUTM Regulation, because the defendant was neither the universal successor to the Pauscha family business nor had it taken over the production method and the processing of the wooden barrels from that family business. Due to the reference in the trademark to the 145 years of experience of the Pauscha family, the relevant public associated it with the special quality of a product manufactured according to traditional Austrian methods.

The defendant further appealed to the Austrian Supreme Court to analyze the proper application of Article 58(1)(c) of the 2017 EUTM Regulation. The Austrian Supreme Court held the misleading nature must relate (in particular) to the nature, quality, or geographical origin of the marked goods or services. The further element “in consequence of the use made of the trademark . . .” clarifies that the misleading character may be solely due to the use of the trademark. Thus, for the purposes of revocation, it is important that the trademark is liable to mislead the public to a relevant extent solely because of its use.

The Austrian Supreme Court referred to the CJEU’s decision in *Elizabeth Emanuel*,⁷⁰ which related to the name of a dress designer that had been transferred to the defendant company together with the business operations and the associated goodwill. The Austrian Supreme Court concluded that the following principles can be derived from the relevant case law:

The revocation of a trademark requires an actual or potential deception of the relevant public, which must relate to the characteristics and properties of the marked product. In case of the name trademark in question, the misconception of the public that the designer was involved in the creation is not sufficient for the product continuity, in particular the expected quality of the designer goods, to be misleading, especially if the business operations and the goodwill were transferred with the trademark. The trademark must already in itself be capable of deceiving the public as to the nature, quality or geographical origin of the marked products.

Against this background the defendant argued that the ground for revocation was not established, since the given trademark can be used in a misleading as well as in a non-misleading way for the marked products. This would apply in this case, because the trademark could also be used without the addition “since 1875.”

The Austrian Supreme Court disagreed. The trademark had been used in the registered form without omissions or clarifying additions. The Austrian Supreme Court concluded that such

⁷⁰ Case C-259/04 (CJEU, March 30, 2006).

considerations were of only a theoretical nature and considered the defendant's view as substantively incorrect. A trademark can mislead the public as to the nature, quality, or geographical origin of the marked goods in itself. The ability of a trademark to mislead must therefore result *solely* from the use of such trademark and thus from the sign itself. Indications outside the sign (e.g., in advertising) or specific types of use (e.g., omissions or explanatory additions) must therefore be disregarded.

The defendant further argued that the ideas that the relevant public gains from the use of the trademark concern only the company of the Pauscha family, and since trademarks are freely transferable, trademark continuity does not also require business continuity. Article 58(1)(c) should not be applicable if the misleading character relates only to the (misleading) status of the trademark owner.

In this context, the Supreme Court referred to CJEU case law of *Elizabeth Emanuel*⁷¹ and ruled that the misleading character of a sign must refer to the characteristics and the properties of the marked product with regard to type, nature, quality, or geographical origin. Misconceptions of the public about the continuity of the company or, generally speaking, company-related deceptions cannot, in principle, alone lead to the revocation of a trademark. However, this is not the case if the public associates a particular quality and performance with the company assumed to be the owner *because* of the trademark that the product or service in fact no longer has.

Here, a trademark with a tradition indication ("since 1875") was to be assessed. If a tradition indication subsequently leads to misconceptions of the public about the quality and characteristics of the marked product, this misleading character is also caused by the use of the trademark, in line with the principles established in case law. The perception of the relevant public (those to which the goods or services labelled with the trademark are directed) is decisive.

On the facts, the trademark to be assessed combined the family name "Pauscha" with the indication of tradition "since 1875" and thus referred to the 150-year family tradition of the Pauscha family in the production of the designated wooden barrels. The relevant public, even if they are winemakers, would perceive such a long tradition in barrel production and draw conclusions as to the quality and grade of the designated products as a result of such substantial experience. In this sense, it was recognized in Austrian case law that the public associates particular experience and quality by reference to a long-standing tradition. The words "since 1875" referred not only to the continuity of the company, but above all to the tradition of production and craftsmanship of the Pauscha family

⁷¹ *Id.*

and thus specific quality characteristics of this product. The production method and the stave thickness of the Pauscha barrels significantly contributed to such quality of the barrels and the characteristics of wine stored within it. In fact, the defendant did not produce Pauscha wooden barrels, but barrels according to the tradition of an Italian family of the defendant's company. For this, the defendant used a different manufacturing method and thicker wood, which affected the taste of the wine and gave it a different flavor that the relevant public did not associate with the use of Pauscha wooden barrels. The misleading nature of the use of the trademark at issue thus concerned the nature and quality of the products designated within the meaning of Article 58(1)(c) of the EUTM Regulation, which is why revocation was established for all goods, for which the trademark was registered (as stated above). This remained the case even where the defendant's Italian family itself had extensive expertise and a long tradition in the production of wooden barrels, because that expertise was not the craft tradition of the Pauscha family.

5. Sweden—Swedish Supreme Court—What requirements need to be fulfilled in order for a family name to constitute a ground for revocation of a registered trade name?

In *Anders Bragnum et al. (individuals) v. the companies Bragnum Invest Holding AB, Bragnum Invest (D) AB and Bragnum Invest (E) AB*,⁷² the Swedish Supreme Court considered whether the defendants' Swedish trade name registrations should be revoked on the following two grounds:

- 1) According to the Swedish Act on Trade Names, a trade name cannot be registered if it consists of a name that: (a) warrants "special protection" as a surname, which is generally the case if not more than 2,000 people bear the name within Sweden,⁷³ (b) is perceived as someone else's surname, and (c) that the use would entail a disadvantage for the bearer of the name.⁷⁴
- 2) The Swedish Act on Trade Names also states that a trade name must not be registered if the trade name is likely to

⁷² Case No. T 6128-20 (Swedish Supreme Court, November 30, 2021).

⁷³ See Article 15 and 16 of the Swedish Act on Personal names ("Lag (2016:1013) om personnamn").

⁷⁴ See Chapter 2, Article 6, para. 1 of the Swedish Act on Trade Names ("Lag (2018:1653) om företagsnamn").

mislead the public.⁷⁵ A registration of a trade name may be revoked—e.g., if the trade name has been registered in violation of and is still in conflict with the Act.⁷⁶

The decision follows from the previous decision of the Swedish Patent and Market Court of Appeal, reported in last year's edition of *The Trademark Reporter's Annual Review of EU Trademark Law*.⁷⁷ The Swedish Supreme Court rarely deals with intellectual property matters, as the Patent and Market Court of Appeal ordinarily serves as the highest court instance in these matters in Sweden. As the issues relating to this case have not been previously assessed by the Supreme Court, the current case is of significant interest. It is also important to keep in mind that the Swedish trade name legislation applicable in this case is equal to the Swedish trademark legislation, which means that the outcome would have likely been the same if the defendants had registered trademarks instead of trade names.

Just like the Swedish Patent and Market Court of Appeal, the Supreme Court stated that the family name of “Bragnum” did qualify for special protection, since less than 2,000 people have that name in Sweden. The Court also recognized that “Bragnum” could indeed be perceived as a surname, as most people in Sweden do not know that “Bragnum” is also the name of several geographical locations in Sweden. This means that two out of the three above-mentioned conditions of the first ground were considered fulfilled by the Court, in order for the plaintiffs to be successful in the dispute on this ground.

Regarding the remaining condition of the first claim (whether the trade names could entail a disadvantage for the bearer of the name), the plaintiffs, being individuals with the name “Bragnum,” claimed that actual confusion between their surname and the registered trade names had occurred. The plaintiffs also argued that it is unpleasant to have their name associated with business activities out of their control, especially as they run businesses themselves in similar fields.

Despite the plaintiffs' arguments, the Court found that the use of the word “Bragnum” in the trade names did not result in a disadvantage for the plaintiffs in the sense required by Swedish law. According to the Supreme Court, the fact that “Bragnum” is also a name of geographical locations means that the plaintiffs must expect a certain degree of a likelihood of confusion. By way of

⁷⁵ See Chapter 2, Article 2, para. 5 of the Swedish Act on Trade Names (“Lag (2018:1653) om företagsnamn”).

⁷⁶ See Chapter 3, Article 1, para. 1 of the Swedish Act on Trade Names (“Lag (2018:1653) om företagsnamn”).

⁷⁷ See https://www.inta.org/wp-content/uploads/public-files/resources/the-trademark-reporter-european-union-trademark-law/TMR_vol1111_no2_a1_scourfield.pdf.

background, the family of the plaintiffs were inspired by one of the geographical locations in Sweden, “Bragnum,” when the family chose the same name as their surname, which likely also influenced the Supreme Court’s conclusion, although this was not explicitly mentioned as part of the Court’s assessment.

Regarding the alternative ground for revocation (whether the defendants’ limited degree or complete lack of connection to any of the Swedish geographical locations named “Bragnum” could be regarded as misleading), the Supreme Court concluded that the companies had some relation to the town “Bragnum,” as one of the founders of the defendant companies had a personal connection to a place named “Bragnum,” where the founder also lived from time to time. Additionally, the Court stated that the trade names could hardly be perceived as an indication of *where* the defendants’ actual offices were located, especially as the defendants were focusing on the Nordic market. Overall, there were no reasons to believe that the trade names were chosen to mislead the public. Accordingly, the Supreme Court dismissed the action on this ground too.

In short, the Supreme Court reached the same conclusions as the lower instances, namely that the registered trade names did not result in a disadvantage for the plaintiffs, the individuals with the name “Bragnum,” and that the defendants’ trade names were not misleading the public. The decision of the Supreme Court confirms that evidence regarding a plaintiff’s alleged disadvantage (in the sense that a counterparty is using the plaintiff’s surname as a trade name), must meet a certain level in order for the disadvantage condition in the Swedish Act on Trade Names to be fulfilled, at least in cases where the name in question has a double meaning, e.g., also as a geographical location. This evidentiary requirement is in many respects reasonable, since a surname that warrants “special protection” may prevent registration or be a ground for revocation of not only trade names but also of trademarks (according to the Swedish Trademarks Act⁷⁸), provided that all the necessary requirements are made out.

6. Benelux—Court of Appeal Luxembourg, Grand Duchy of Luxembourg—How is the genuine use of a trademark assessed in the context of an application for revocation and how is the revocation date determined consequently? How are damages calculated in case of infringement?

In its judgment of March 9, 2021, the Luxembourg Court of Appeal held that the genuine use of a trademark (Article 2.26.2.a) of the Benelux Convention on Intellectual Property (“BCIP”) should

⁷⁸ Swedish: “Varumärkeslag (2010:1877).”

be assessed in light of various criteria such as the link between the trademark use (advertisements) and the goods or services covered by the registration. Moreover, the Court of Appeal considered that the revocation of the trademark registration could take effect prior to the application date for revocation if the appealing parties demonstrate a legitimate interest in doing so.

The question arose in the context of trademark infringement action filed by the owner of the following semi-figurative Benelux trademark:



The registered trademark owner, a company operating in the real estate industry, claimed that two competitors used the trademark in several online publications, resulting in confusion. The company initiated legal proceedings to prohibit use of its registered trademark.

The District Court of Luxembourg held that the mark had been infringed and prohibited the defendants from using the trademark. The defendants appealed, arguing that the trademark was invalid because of a fraudulent registration and that they had prior rights over it. They also initiated revocation proceedings for non-use.

How is the genuine use of a trademark assessed in the context of an application for revocation?

While the Luxembourg Court of Appeal rejected the other appellant's claims, it considered that they had a legitimate interest to initiate revocation proceedings on the basis of Articles 2.26 and 2.27.2 for lack of (genuine) use for an uninterrupted period of five years since the trademark was registered. The Court of Appeal considered that the trademark was used on many advertisements promoting "real estate business services" (Class 36). However, it stated that there were no documents demonstrating any use of the trademark to promote "monetary, financial and insurance business services" (Class 36). The trademark was also registered to cover "construction, repairing and installation services" (Class 37), but the registered trademark owner only produced invoices for some gardening and cleaning works.

The Court of Appeal emphasized that it is not always necessary for trademark use to be quantitatively important in order to be considered genuine or serious. The amount of product sales should

be assessed with other important factors such as commercial activity volume, production capacities, or the degree of diversification of the company using the trademark.⁷⁹ Moreover, in line with the case law of the CJEU,⁸⁰ the more the commercial exploitation of the trademark was limited, the more it is necessary for the trademark owner to provide additional information to avoid a finding of a lack of genuine use. The Court of Appeal held that the produced invoices demonstrated only a sporadic use of the trademark for services covered under Class 37. Consequently, it revoked the trademark registration for these services and part of those covered under Class 36. In relation to the Class 35 services, the first instance judgment was confirmed, including as to the finding of trademark infringement.

How is the revocation date determined consequently?

An interesting point arose as to the effective date of revocation. The appellants argued that this date should be one of (i) the day before the introduction of the infringement action, (ii) the last day of the five-year period, or (iii) the day when they filed the revocation application. The respondent contested the claim stating that, according to the Article 2.30*nonies* of the BCIP, the revocation should only take effect as from the day of the revocation application. The Court of Appeal reminded the appellant that the current version of the BCIP was not applicable to the dispute, considering the fact that the revocation application was filed prior to the entry into force of that new legal provision.

As the earlier applicable version of the BCIP was silent on this aspect, the Court of Appeal based its decision on previous case law.^{81,82} Considering the fact that this is the only date allowing the appealing parties to oppose the infringement claim and that the contested trademark had been genuinely used only for part of the services it registered for, the Court of Appeal held that the appealing parties demonstrated a legitimate interest in having the revocation effective on a date prior to their application for revocation. The Court of Appeal declared the revocation effective as from the day before the infringement action was filed, even when the five-year period of lack of (genuine) use was not an active issue at that date.

⁷⁹ Case C-40/01 (CJEU, March 11, 2003) (*Minimax*) para. 43.

⁸⁰ (GC, March 11, 2003, T-334/01) (*Hipoviton*), para. 37.

⁸¹ Benelux Court of Justice, judgment of November 18, 1988, 87/2.

⁸² Case T-538/12 (GC, January 16, 2014).

How are damages calculated in case of infringement?

Finally, it is interesting to note that the Court of Appeal also rejected the trademark owner's claim for damages. The latter considered that the unauthorized use of its registered trademark led to a double prejudice; the reduced impact of advertising to make the company distinctive and the resulting loss of confused customers. It evaluated its damage as a lump sum of €100,000. The trademark owner based its claim on Articles 2.20 and 2.21 of the BCIP. Article 2.21.2, implementing Article 13.1 of the IP Enforcement Directive,⁸³ provides for two methods to calculate damages for IP infringement: (a) taking into account all appropriate aspects, such as the negative economic consequences, including lost profits, any unfair profits made by the infringer and, as the case may be, non-economic factors, such as the moral prejudice and (b) as an alternative, a lump sum awarded on the basis of elements such as at least the amount of royalties or fees that would have been due if the infringer had requested authorization to use the intellectual property right in question.

As the trademark owner did not specify on which method its damages claim was based but only claimed a lump sum, the Court of Appeal confirmed the finding of the District Court that the claim was implicitly based on method (b). As this method does not explicitly require a proof of an actual prejudice in order for a lump sum to be awarded, it provides that the lump sum should only be awarded in "appropriate situations."

The trademark owner stated that it had suffered from a certain prejudice (misuse of its image, loss of investments and revenue, etc.), and it only produced invoices for the creation of the trademark as proof of an alleged prejudice. Considering the fact that the owner kept on benefitting fully from the trademark and the prejudice resulting from the alleged loss of distinctiveness (trademark dilution) had not been proven, the Court of Appeal rejected the claim for damages.

7. UK—High Court—Can the global availability of branded products from an online retail store constitute the targeting of consumers in a particular territory and thereby use in that territory?

*Lifestyle Equities CV & Anor v. Amazon UK Services Ltd & Ors*⁸⁴ concerned a trademark dispute before the High Court between the owners of the Beverly Hills Polo Club ("BHPC") brand in the UK and EU (and certain other countries) and companies within the Amazon Group. The High Court dismissed the claim, finding that

⁸³ 2004/48/EC.

⁸⁴ [2021] EWHC 118 (Ch).

the admitted infringements were trivial compared with the alleged infringement and the defendants had not used the trademark in the UK or EU.

The first claimant, Lifestyle Equities C.V., was the proprietor and the second claimant, Lifestyle Equities B.V., the exclusive licensee of a portfolio of registered trademarks (together, “the claimants”) that protect either the words “BEVERLY HILLS POLO CLUB” or the BHPC logo (as reproduced below) for a wide variety of goods including clothing, luggage, watches, and perfumery.



The claimants alleged that the defendant companies infringed their trademark rights by allowing BHPC branded goods to be listed on their websites, in particular amazon.com, meaning they would be visible and thereby directed for sale to consumers in the UK and EU. The claimants argued that listing goods that have been manufactured, marketed, and sold in the United States for sale in the UK/EU via amazon.com or the global store service on amazon.co.uk was a form of counterfeiting and trademark infringement.

The defendant companies argued that certain restrictions had been put in place by Amazon in relation to the sale and advertising of BHPC goods to UK/EU consumers, in order to protect the claimants’ rights, and that these had been effective in stopping there being any sales of BHPC goods from the amazon.com website to the UK/EU. Further, they argued that historical sales of BHPC goods from amazon.com to consumers in the UK/EU had been tiny and therefore the claimants’ action was wholly disproportionate.

The claimants were dissatisfied with the restrictions and proposed restrictions offered by the defendant companies and issued their claim on January 8, 2019.

Issues before the High Court

In accordance with the agreed List of Issues between the parties, there were four issues before the High Court, namely:

- i. whether the listing of the product was *targeted* at the UK/EU and whether the listing was an offer for sale or advertisement in the UK/EU;

- ii. whether the *sale* of the product took place in the UK/EU and/or whether the product was put on the market in the UK/EU;
- iii. whether any of the defendants were responsible for *importation* of the product into the UK/EU, and if so, which;
- iv. whether any of the defendants had *used* any of the relevant signs in the course of trade.

In relation to *targeting*, the defendants accepted that, prior to putting restrictions in place in January 2019, listings of BHPC products on the Amazon Global Store were infringing acts, since amazon.co.uk is targeted at UK consumers. However, the defendants argued that amazon.com is targeted at only U.S. consumers, and the UK and each EU country have their own targeted Amazon website. The claimants argued that amazon.com effectively targets the world, not just the United States. In considering these arguments, the High Court noted that it was not appropriate to look at this issue in terms of whether amazon.com *as a whole* targets UK/EU consumers. The issue was whether the sign in issue had been used by one or more of the defendants in the UK/EU. The Court further noted that the use must be by way of an “offer for sale” or an “advertisement” designed to attract sales from the territory in which the relevant trademark is registered and if there is not that direct connection with the territory, then there has not been use in that territory. The Court concluded that the offers for sale or advertisements of BHPC products in listings on amazon.com were not targeted at UK/EU consumers and therefore did not constitute trademark infringements.

In relation to *sales*, two of the defendant companies (who were involved as the seller of BHPC products) argued that the sales, which at least in part must have been preceded by the infringing advertisements, were not themselves infringing acts, principally because the sales took place in the United States outside the UK/EU. The judge agreed that any sale took place in the United States between the defendant company and the UK/EU consumer, who was the importer of record. All risk transferred to the UK/EU consumer when the goods were delivered to the carrier in the United States, and accordingly, sales of BHPC products through Amazon Global Store, which took place in the United States, did not constitute infringements of the claimants’ trademark rights.

In relation to the *importation*, there also had to be an intention to put the goods on the market in the EU. There was no such intention on the part of any of the defendants, as their only intention was to fulfill and deliver the order made by a private consumer in the UK/EU.

Finally, on *use in the course of trade*, the claimants’ argued that there was a link between Amazon and the goods in respect of which

the sign is used in the mind of the average consumer. However, the Court concluded that neither Amazon, nor any of the individual defendants had actually “used” the sign in the course of their trade in the UK/EU. They had neither offered the goods for sale, nor advertised them, nor put them on the market in the UK/EU. The existence of such a link did not prove that Amazon itself had used the sign. Accordingly, sales of such products in the United States were not themselves uses in the course of trade in the UK/EU and therefore not infringing acts.

8. Turkey—Intellectual Property Court—Can temporary use of a trademark to avoid revocation count as genuine use?

The First Anatolian Intellectual Property Court rendered a landmark decision⁸⁵ relating to the revocation of the trademark RASPBERRY and in particular whether temporary use of a trademark for a six-month period prior to the revocation challenge could constitute mere token use rather than the genuine use as required by law.

Article 9 of the Turkish Intellectual Property Code (the “IP Code”) provides that a trademark shall be revoked if it has not been put into genuine use in Turkey by the trademark holder for the goods or services within the scope of registration within a period of five years following the date of registration (or where such use has been suspended for an uninterrupted period of five years), unless there are proper reasons for its non-use. When a non-use cancellation request is filed, the trademark holder is required to demonstrate the use of the trademark for the registered goods and services or the existence of proper reason for its non-use.

A simple proof of use is not sufficient alone to overcome a revocation, a trademark holder must prove the *genuine* use of the registered trademark. However, there is no clearly defined criteria as to what constitutes genuine use in Turkey. The volume of use required might, for example, vary depending on the type of goods and services that are subject to the use requirement. For example, a lower volume of use might be sufficient for luxury goods, while a higher volume of use would be required for fast moving consumer goods. The timing of the use is also important. According to Article 26(4) of the IP Code, if the use has been carried out in anticipation of a revocation request being made in order to frustrate a revocation request, the use carried out within three months prior to the submission of the revocation request to the Court shall not be taken into consideration.

⁸⁵ Judgment of January 13, 2020, Anadolu 1st Intellectual and Industrial Property Court.

In the RASPBERRY case, the trademark subject to a revocation request became vulnerable for non-use on October 18, 2017, and a revocation action was filed on April 16, 2018. The trademark holder submitted invoices regarding the sale of DVD products by reference to the trademark on a popular online sale platform, which had begun more than three months prior to the date of the revocation action. The plaintiff argued that the trademark holder had initiated that use solely for the purpose of preventing the revocation of the trademark, as it was obvious that it would face a revocation request as a counter suit by the plaintiff. The plaintiff argued that the trademark holder had only used the trademark during the six months prior to the vulnerability date of its trademark in order to avoid revocation, so it should not constitute genuine use.

Although a considerable volume of the use demonstrated did not fall within the three months preceding the action as set out in the legislation, the Court nevertheless revoked the trademark due to non-use. The Court held the evidence did not show an active and genuine use of the trademark even if it was proven that the trademark had been used for online sales during a period of six months which predated the three-month window prior to the revocation action being filed. It was notable that the sales of the DVD products relied upon all occurred in a short time period that was close to the vulnerability date; and as such, those sales would be deemed as mere token use in order to prevent the revocation of the trademark.

Despite the three-month period set out in the legislation, the court took a broader view and held that even if the use extends beyond the three months prior to an action, the evidence should point to the real commercial presence of the trademark in the relevant market rather than a mere token use employed for purpose of evading revocation. It would also be relevant to consider whether the use continued after the action was filed, since use that does not continue may also indicate mere token use, rather than genuine use.

VI. TRADEMARK INFRINGEMENT

A. Introductory Comments

This Part VI considers cases on infringement of the exclusive rights conferred on trademark proprietors by the EUTM Regulation and the TM Directive (and equivalent rights for non-EU territories).

The exclusive use rights of a trademark proprietor relating to EU trademarks are found in Article 9 of the 2017 EUTM Regulation. The parallel rights conferred by a trademark in relation to the national trademark authorities of EU Member States are set out in Article 10 of the 2015 TM Directive. Readers should note in particular that the rights of a trademark proprietor to sue for infringement of EUTM or national marks in the EU are broadly

harmonized, whereas the rights, remedies and entitlement of a successful litigant are only *partially* harmonized by the IP Enforcement Directive (Directive 2004/48/EC), leaving considerable scope for divergence, forum shopping or even inconsistent results across the EU.

The cases featured in this Part VI are all from national courts within the EU and beyond, covering a diverse range of issues. Highlights include a fascinating dispute before the German courts as to the competence of national courts to determine acts of alleged trademark infringement by EU institutions (such as the EU Commission), while the French Supreme Court gave two judgments exploring whether the mere act of *applying* for a trademark might amount to an infringement of third-party rights. The UK Court of Appeal considered whether an absence of actual confusion was fatal to a finding of infringement for two highly similar marks. Two cases in Greece considered the proper level of damages and an account of profits for compensation to successful brand owners, and the High Court of England & Wales considered whether a brand owner can be primarily liable for infringement by its licensees.

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.

Article 125(2) of the 2017 EUTM Regulation

1. If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not

domiciled in any of the Member States, in which he has an establishment.

Article 10 of the 2015 TM Directive

1. The registration of a trade mark shall confer on the proprietor exclusive rights therein.
2. Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the registered trade mark, the proprietor of that registered trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where:
 - (a) the sign is identical with the trademark and is used in relation to goods or services which are identical with those for which the trade mark is registered;
 - (b) the sign is identical with, or similar to, the trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the trademark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
 - (c) the sign is identical with, or similar to, the trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.
3. The following, in particular, may be prohibited under paragraph 2:
 - (a) affixing the sign to the goods or to the packaging thereof;
 - (b) offering the goods or putting them on the market, or stocking them for those purposes, under the sign, or offering or supplying services thereunder;
 - (c) importing or exporting the goods under the sign;
 - (d) using the sign as a trade or company name or part of a trade or company name;
 - (e) using the sign on business papers and in advertising;

- (f) using the sign in comparative advertising in a manner that is contrary to Directive 2006/114/EC.
4. Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the registered trade mark, the proprietor of that registered trade mark shall also be entitled to prevent all third parties from bringing goods, in the course of trade, into the Member State where the trade mark is registered, without being released for free circulation there, where such goods, including the packaging thereof, come from third countries and bear without authorization a trade mark which is identical with the trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trade mark.

The entitlement of the trade mark proprietor pursuant to the first subparagraph shall lapse if, during the proceedings to determine whether the registered trade mark has been infringed, initiated in accordance with Regulation (EU) No 608/2013, evidence is provided by the declarant or the holder of the goods that the proprietor of the registered trade mark is not entitled to prohibit the placing of the goods on the market in the country of final destination.

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

C. Cases

1. Germany—District Court of Düsseldorf—Can national courts determine trademark infringement claims against the EU Commission?

In this case,⁸⁶ the applicant had sought to obtain a preliminary injunction against the EU Commission for infringing his trademark SCALATOR, registered for services in Classes 35, 36, and 42,

⁸⁶ Case No. 34 O 8/21 (District Court of Düsseldorf, March 24, 2021).

including in respect of “consulting in relation to commercial transactions.”

The EU Commission, through its European Innovation Council (“EIC”) operated a funding program called “EIC Scalator Pilot,” which supports startups in the technology sector. In May 2020, the EU Commission invited businesses to apply for the scheme. After a selection process, successful applicants were to receive funding to provide tailored support to EIC-funded companies. The call for proposal was called “European Innovation Council Scalator Pilot.”

The applicant sent a cease and desist letter demanding that the EU Commission stop the use of the term “SCALATOR,” which the Commission declined to do. The applicant obtained an initial injunction from the District Court of Düsseldorf, prohibiting the EU Commission from using the designations “EIC Scalator Pilot” and/or “EIC Scalator” and/or “European Innovation Council Scalator Pilot” in relation to the promotion and offer of a startup funding program (and related financial services). The EU Commission opposed the decision, arguing that the court was not competent to hear the case.

The applicant argued that the court was competent to at least issue a *preliminary* injunction even if not for the substantive court proceedings. The CJEU was not competent to hear the case rather than national courts since, according to Article 279 of the Treaty on the Functioning of the European Union (“TFEU”),⁸⁷ the CJEU could issue preliminary measures only in proceedings that are already pending before the CJEU.

However, the District Court of Düsseldorf declined to order an injunction finding that restraint of the EU Commission was an exclusive jurisdiction of the EU courts (the GC and CJEU) and that Articles 268, 251, and 340 (2) of the TFEU effectively precluded the German court’s competence in favor of the GC. The District Court accordingly lifted the preliminary injunction initially rendered.

Regarding the distribution of competence between the CJEU and the GC, the District Court pointed out that according to Article 268 of the TFEU the CJEU is designated as the competent court for disputes on damages provided for in Article 340 (2) of the TFEU. However, according to Article 256 (1) of the TFEU, the General Court has jurisdiction to hear and determine at first instance actions referred to in Article 268 of the TFEU, with the exception of actions that, according to the Statute for the Court of Justice, are reserved for the CJEU. The provision thus distinguishes between the jurisdiction of the GC and the Court of Justice, namely the CJEU. According to Article 51 of the Statute of the CJEU, however, the CJEU has jurisdiction only in cases in which the *Member States* or *EU institutions* bring actions under Article 263 or 265 of the

⁸⁷ The Treaty on the Functioning of the European Union (“TFEU”), also referred to as the “Treaty of Maastricht.”

TFEU. Thus, according to Article 256 I of the TFEU, the *General Court* of the EU has jurisdiction over an action brought by a *company* against an institution of the European Union under Articles 268 and 340 (2) of the TFEU.

With regard to the crucial distribution of competence between the EU Courts (GC and CJEU) and the national courts, the court pointed out that, according to Article 274 of the TFEU, in disputes to which the European Union is a party, national courts have jurisdiction *only to the extent that there is no jurisdiction of the CJEU under the Treaties*. However, the CJEU has jurisdiction over the claim for injunctive relief under EU trademark law pursuant to Article 9 (2) of the EUTM Regulation, which the applicant asserts against the EU Commission because, as the District Court of Düsseldorf ruled:

- according to Articles 268, 256 (1) of the TFEU, the CJEU has jurisdiction in disputes concerning *damages* provided for in Article 340 (2) of the TFEU and
- the *claim for injunctive relief* under the EU trademark pursuant to Article 9 (2) of the EUTM Regulation *is a claim for damages* within the meaning of Article 340 (2) of the TFEU.

Further, according to Article 340(2) of the TFEU, the European Union shall, in accordance with the general principles common to the laws of the Member States, make good any damage in the area of non-contractual liability caused by its institutions or by its servants in the exercise of their official duties.

According to the District Court of Düsseldorf, that rule was applicable to the case at hand. First, an institution acts in the *exercise of its official duties* within the meaning of Article 340 II of the TFEU when it takes administrative, legislative, or judicial action. In this context, the question of conduct relevant to liability is broadly drawn. The exercise of an official function of the institutions of the European Union within the meaning of Article 340 (2) of the TFEU would include acts such as the EU Commission's call for applications under the title "European Innovation Council Scalator Pilot" or "EIC Scalator Pilot."

Secondly, the claim for injunctive relief under trademark law pursuant to Article 9 II of the UMV would be classified as an issue of *non-contractual liability* within the meaning of Article 340 (2) of the TFEU. The GC has already affirmed such "non-contractual liability" under Article 340 (2) of the TFEU in the case of copyright infringement.⁸⁸ A claim for injunctive relief under EU trademark law pursuant to Article 9 (2) of the EUTM Regulation is a claim for damages within the meaning of Article 340(2) of the TFEU. The

⁸⁸ Case T-19/07 (GC, December 16, 2010 (*Systran*)).

question of whether the European Union and its institutions, such as the Commission, can also be sued for *injunctive relief* under Article 9(2) of the UMV for infringement of EUTMs in the exercise of their official duties in the area of non-contractual liability has never been considered by the highest courts nor expressly considered in academic commentary.

According to Article 288 (2) of the TFEU, the EUTM Regulation has general application and is directly applicable in each Member State, and the EU and its institutions are bound by the Regulation. But it remains open whether the legal consequence determined in Article 340 (2) of the TFEU, i.e., compensation for the damage, can not *only lie in a monetary payment but also in the prohibition of use of the trademark* as determined in Article 9 (2) of the UMV.

The wording of Article 340 (2) of the TFEU merely states that the damage is to be compensated in accordance with the general principles of law common to the legal systems of the Member States. Thus, Article 340 (2) TFEU also includes the provisions of the EUTM Regulation. But the EUTM Regulation itself only regulates the prohibition of certain acts of use within the scope of Article 9 (2) of the UMV. Claims for damages are subject to the national law of the member state in which such claims are asserted.

However, the meaning and purpose of the “non-contractual liability for damages” according to Article 340 (2) of the TFEU must also cover, in addition to the traditional compensation for damages by monetary payment, the compensation for damages by omission / cessation of the infringement. This is because the very first “compensation for damage” is the remedy of that damage by preventing its occurrence. The prevention of such (or further) damage is, in the words of Article 9 (2) of the UMV, the prohibition of use that infringes the trademark. Thus, the “non-contractual liability for damages” under Article 340 (2) TFEU also includes the claim under Article 9 (2) of the EUTM Regulation.

The District Court of Düsseldorf made reference to the *Galileo* decision of the GC⁸⁹ regarding a trademark dispute in which the GC had inferred from Article 340 (2) of the TFEU and Article 268 of the TFEU that the EU court has the power to impose on the EU institution any form of compensation for the damage that is consistent with the general principles of law, including *in rem* restitution, which may take the form of an order to act or to abstain from acting in a particular way. The GC held in *Galileo* that “full” compensation for damage caused by infringement requires the immediate cessation of the infringement to maintain the trademark proprietor's rights. Thus, according to Articles 340 (2), 268, and 251 of the TFEU, the GC has jurisdiction at least in a *main action*.

⁸⁹ Case T-279/03 (GC, May 10, 2006) (*Galileo*), paras. 63, 70, and 71).

The District Court of Düsseldorf further confirmed that according to Articles 279, 268, and 340 (2) of the TFEU, the GC also has exclusive jurisdiction also for disputes in *preliminary proceedings* if EU trademark infringements are asserted against the EU Commission. Pursuant to Article 279 of the TFEU, the *CJEU* may make the necessary interim measures in the cases pending before it. The District Court of Düsseldorf considered that even though Article 256 (1) of the TFEU expressly refers only to the *CJEU*, it can be deemed to also include the GC. The reason is that contrary to its wording, the wording in Article 279 of the TFEU “may also make interim orders” is generally understood to mean that it establishes the exclusive jurisdiction of the EU courts, i.e., *both* the *CJEU* and the GC, in actions for damages against the Union and its institutions.

The District Court of Düsseldorf referred to the “First und Franex” decision of the *CJEU*⁹⁰ in which the *CJEU* had stated (in another context): “Since the Community courts have exclusive jurisdiction to rule on actions for damages against the (Union), they must also have such exclusive jurisdiction to make interim orders against an institution of the European Union (. . .).”

The District Court of Düsseldorf also noted that academic commentary had suggested that Article 279 of the TFEU determines the exclusive jurisdiction of the EU courts to issue interim measures in the area of non-contractual liability of EU institutions. The court applied these principles to the claim for injunctive relief pursuant to Article 9 (2) of the *UMV*. This is because the *EUTM* Regulation only confers extended jurisdiction on national courts in preliminary proceedings if national courts are called upon. The *EUTM* Regulation, however, does not regulate a jurisdiction of the EU courts in legal disputes in which the EU or its institutions are invoked. Article 131 (1) of the *EUTM* Regulation only regulates the jurisdiction of national trademark courts and EU *trademark* courts (which are still *national* courts that hear a case under conferred jurisdiction). The exclusive jurisdiction of the genuine EU courts (*CJEU* and GC) under Articles 268, 279, and 340 (2) of the TFEU, however, is not affected. Jurisdiction for provisional measures against the EU and the institutions of the EU was not regulated by Article 131 (1) of the TFEU and the exclusive jurisdiction of the EU courts in trademark disputes against the EU Commission should also exist in interim relief.

⁹⁰ Case C-275/00 (*CJEU*, November 26, 2002) (*First and Franex*), para. 46).

2. Spain—Appeal Court of Alicante—Would similar wine labels result in a likelihood of confusion?

In a curious and eclectic case, the Appeal Court of Alicante⁹¹ considered a trademark infringement action filed by Vintae Luxury Wine Specialists S.L. (“Vintae”) against the use of the figurative trademark FRANCISCO GOMEZ by the defendant Hacienda La Serrata S.L. (Hacienda).

The company VINTAE, owner of EUTM-014908628 (below, left) brought a trademark infringement action against Hacienda for the use of a similar trademark in connection with “wine” (below, right). Both images below were being used on wine labels:



VINTAE



HACIENDA

After receiving the complaint, Hacienda filed EUTM-018100202 for its own label, registered by the EUIPO (without any opposition) during the litigation proceedings.

At first instance, the EU Trademark Court of Spain rejected⁹² the claim for infringement. Despite an expert report having been filed by the plaintiff comparing the trademarks and concluding that they were too similar, the EU Trademark Court of first instance stated that the differences between the marks were more important than their similarities. It considered that the image of two winegrowers wearing traditional country clothes could not be monopolized at an abstract or conceptual level and said that the difference between age and the face of the persons appearing on the distinctive signs prevented any likelihood of confusion. The first instance Court also emphasized that wine is most commonly ordered orally and appears on wine lists in text form, without the image, and so the fact that the defendant’s mark contained the

⁹¹ Judgment 607/2021, Appeal Court of Alicante in Case 1376/2019 Vintae Luxury Wine Specialists S.L. v. Hacienda La Serrata S.L., May 14, 2021.

⁹² Judgment of the EU Trademark Court No. 2 of Alicante, Case 130/19, June 18, 2019.

additional words FRANCISCO GOMEZ should be taken into account. Further, Mr. Francisco Gómez was the owner of the winery Hacienda La Serrata S.L., and the image used was indeed a photograph of the real image of Mr. Francisco Gómez.

The appellant, Vintae, appealed to the Appeal Court of Alicante, arguing that both trademarks consisted of the same elements: a mature winegrower wearing a hat and a white shirt in the same position and proportions. The word element “FRANCISCO GOMEZ” appeared in very small letters and was no more than an accessory in the overall impression, with the dominant element of the defendant’s mark being the image of the winegrower. In addition, wines are not only ordered orally and shown on wine lists but are also sold in supermarkets and wine stores in such a way that consumers see the labels when purchasing the product. The fact that both wine bottles have such similar labels would create a likelihood of confusion.

The Appeal Court of Alicante upheld the appeal and overturned the decision at first instance. According to the Appeal Court, the trademarks were very similar. Both consisted of a close-up image of a male with similar proportions and clothing. The fact that the defendant’s sign contained word element “Francisco Gómez” did not outweigh the similarities between the marks, as it was secondary, with the image of the winegrower being the dominant element.

The Appeal Court also held that the fact that the defendant had managed to register the trademark at the EUIPO in 2019 without any opposition was irrelevant, following the findings of the CJEU in its Judgment of *Fédération Cynologique Internationale*,⁹³ where it had concluded that “the exclusive right of the proprietor of a Community trade mark to prohibit all third parties from using, in the course of trade, signs identical with or similar to its trade mark extends to a third-party proprietor of a later registered Community trade mark, without the need for that latter mark to have been declared invalid beforehand.”

Finally, on the argument that Francisco Gomez was the name of the proprietor of the winery and that the contested image was his image, the Appeal Court stated that this was not covered by the “limitation of trademark rights” of Article 14 of the 2017 EUTM Regulation because the company was called (and traded) as Hacienda La Serrata and not Francisco Gómez. Article 14 is directed to “the name or address of the company acting in trade” and not the image of its main shareholder of the company. The infringement claim was successful, and Hacienda was ordered to discontinue the use of the mark and to pay a compensation for damages in the minimum amount of 1% of its turnover as set by Spanish law, leaving Hacienda with the curious position of owning an EU

⁹³ Case C-561/11 (CJEU, February 21, 2013).

trademark registration that is valid and in force but effectively cannot be used.

3. France—French Supreme Court—Can a mere trademark application be considered to constitute an act of infringement?

In two decisions of October 13, 2021,⁹⁴ the French Supreme Court answered this question in the negative.

In both cases (which were not related), the claimants had initiated infringement actions against competitors for filing trademark applications that the claimants considered to be confusingly similar to their prior trademark registrations.

In the first case, the trademark application had been refused registration by the French National Institute of Industrial Property on the basis of the opposition filed by the claimant. The claimant nevertheless filed a trademark infringement action before the Strasbourg Court of First Instance. It alleged that the mere filing of the trademark application for a confusingly similar sign, despite the fact that the application had been refused registration due to the successful opposition,⁹⁵ constituted an infringement of its prior rights.

In the second case, the claimant had not filed oppositions, but rather, upon the registration of the trademarks, proceeded directly with an action before the Paris Court of First Instance both for the cancellation of the disputed trademarks as well as for trademark infringement based solely on the filing of the applications.

In the first case, the Strasbourg Court of First Instance held that the defendant infringed the claimant's rights and, in doing so, that the mere filing of a trademark application did constitute an act of infringement.⁹⁶

In the second case, the Paris Court of First Instance⁹⁷ cancelled the disputed trademarks on the basis of the claimant's prior rights but held that the mere filing of a trademark did not constitute an infringement in the absence of use in the course of trade. An appeal was filed in each case, before the Colmar Court of Appeal and the Paris Court of Appeal, respectively.

The issue under review was the same for both Courts of Appeal: can a mere trademark application be considered to constitute an act of infringement?

⁹⁴ French Supreme Court, October 13, 2021, No. 19-20.959 & No. 19-20.504.

⁹⁵ French Supreme Court, October 13, 2021, No. 19-20.504.

⁹⁶ Tribunal de Grande Instance of Strasbourg, December 13, 2016.

⁹⁷ French Supreme Court, October 13, 2021, No. 19-20.959 and Tribunal de Grande Instance of Paris, February 9, 2017, No. 14/18169.

Both claimants asserted this position on the basis of the French Supreme Court's established case law holding that the filing of a trademark, even if not registered (and not used), could be considered to constitute trademark infringement upon the finding of a likelihood of confusion.⁹⁸

Despite this prior case law, however, both Courts of Appeal rejected the claimants' arguments. Although their reasoning was not the same, each Court considered that a mere trademark application could not constitute trademark infringement.

In the first case, the Colmar Court of Appeal held that while the filing of a trademark, even not followed by acts of use, may constitute an act of infringement, this is not the case if such application has been refused for registration.⁹⁹

In the second case, the Paris Court of Appeal stated that "the filing of a cancelled trademark, which is deemed not to have existed, cannot in itself constitute an act of infringement" and that as "no use of the said trademark is alleged or established, the infringement of the trademark is not established."¹⁰⁰

The claimants appealed both decisions before the French Supreme Court. On October 13, 2021, in two decisions, the French Supreme Court overturned its existing precedent considering that its "interpretation should be reconsidered in the light of the case law of the CJEU."¹⁰¹ According to the CJEU, one of the key factors for concluding that there is trademark infringement is that the contested trademark has been used in the course of trade.¹⁰² The French Supreme Court therefore concluded that: "[...] the application for registration of a sign as a trademark, even when granted, does not characterize use for goods or services, within the meaning of the case law of the CJEU, **in the absence of any start of marketing of goods or services under the sign.** Similarly, in such a case, no likelihood of confusion in the mind of the public and, consequently, no infringement of the trademark's essential function as an indication of origin is likely to occur." Consequently, the Supreme Court dismissed both appeals to align French case law with the CJEU's position and with the 2015 TM Directive.

⁹⁸ For example, French Supreme Court, May 24, 2016, No. 14-17.533.

⁹⁹ Colmar Court of Appeal, July 3, 2019, No. 17/00436.

¹⁰⁰ Paris Court of Appeal, May 17, 2019, No. 17/05308.

¹⁰¹ French Supreme Court, October 13, 2021, No. 19-20.959 & No. 19-20.504.

¹⁰² Case C-179/15 (CJEU, March 3, 2016) (*Daimler*).

4. Greece—Supreme Court—What is the proper method for awarding damages for an account of profits?



The case¹⁰³ concerns the infringing use of the EUTMs and MALIBU (word), registered for tanning products and similar, by a former distributor. The distributor had ended the collaboration with the trademark owner in order to engage into his own production and sales under an infringing sign MALIBU SUN for identical goods sold to the already existing network of MALIBU clients, taking advantage of the confusion created and the reputation of the MALIBU marks.

The Supreme Court heard a petition for cassation filed by the defendant and affirmed the findings of the Athens Court of Appeal that had found infringement on the part of the distributor and had ordered, *inter alia*, the payment of the amount of €471,785.87 as damages.

The ruling is important for Greek case law, as it represents the first time that the Supreme Court had the opportunity to consider the new method of calculation of damages in the form of an account of profits. Previously the civil law system of the Greek civil code did not recognize such a method for calculation of damages. Damages were either losses suffered by the plaintiff or the plaintiff's lost profits. The account of profits method was introduced into Greek law for the first time through the Greek legal provisions implementing the IP Enforcement Directive¹⁰⁴ and considers the unjust enrichment of the defendant.

The Court considered the calculation of account of profits remedies as a specific, not abstract, calculation and not a hypothetical license. As per the Directive, the factors to be taken into consideration are not only the actual losses or lost profits that the plaintiff has suffered but also the profits that the infringer acquired. The purpose is to deter infringers from entering into further infringing acts in the future, so it aims to not only compensate the trademark owner but also "punish" the infringer in order to have a deterrent effect.

The Court provided an important interpretation of the respective provisions implementing Article 13 of the Directive, which states that courts awarding damages shall take into account

¹⁰³ No. 15/2021 Greek Supreme Court.

¹⁰⁴ 2004/48/EC (the Directive).

lost profits, which the injured party has suffered and any unfair profits made by the infringer. The Court clarified that the plaintiff may request lost profits of its own and unfair profits of the infringer and seek the unfair profits of the infringer. It therefore established that before Greek courts a “standalone” claim for account of profits is possible.

One of the cassation grounds was that the Court of Appeal did not examine the probability of the loss of profit and that had it done so it would have concluded that the plaintiffs did not lose any profits. The Supreme Court dismissed this ground. It reiterated that the basis of the plaintiff’s claim was not its lost profits but the profits of the infringer. Therefore the Court of Appeal did not have to evaluate and rule on the profit probabilities or the loss thereof.

Another interesting point in this ruling is the way the plaintiff calculated and proved the account of profits. The plaintiff and the defendant had also litigated a similar dispute before the Courts of Cyprus. In those proceedings the defendant distributor had produced a signed affidavit, stating the turnaround it had in the past years from the sale of the infringing products under the infringing sign. The claimant produced this affidavit before the Greek court and in combination with information from the published financial annual accounts of the infringer managed to prove the profits of the defendant for each of the infringing years in Greece. To complement years that were not covered by the affidavit that contained figures prior to the Greek dispute, the plaintiff invoked further evidence and figures from the published financial accounts of the infringer, on the basis of which, in combination with the amount that the sales of the infringing products represented following from calculations on the basis of the figures appearing on the affidavit, it was able to present and prove the number of sales and profits of the infringing goods for the remaining years.

5. Germany—Court of Appeal of Frankfurt—When should infringement proceedings be suspended due to pending cancellation proceedings?

This case¹⁰⁵ relates to a claim for trademark infringement of the plaintiff’s trademarks LEDAR and LEDARC. The plaintiff had sued the German defendant, a franchisee of the Dutch defendant, on the basis of a German and EU trademark for LEDAR and the EU extension of an IR mark LEDARC.

In a parallel court action in the Netherlands, the plaintiff sued the Dutch defendant, the franchisor, on the basis of the EU trademark for LEDAR and the EU extension of an IR mark LEDARC.

¹⁰⁵ Case No. 6 W 126/20 (Court of Appeal of Frankfurt/Main, December 10, 2020).

In response to both actions, the Dutch defendants applied for the invalidation of all three LEDAR/LEDARC marks for bad faith, non-distinctiveness and descriptiveness.

The District Court hearing the German case decided to suspend the infringement trial pending the outcome of the invalidation proceedings against the German LEDAR mark. The plaintiff lodged an appeal, and the District Court referred the matter to the Court of Appeal of Frankfurt.

The Court of Appeal of Frankfurt lifted the suspension. Section 148 of the German Code of Civil Procedure provides the power to suspend a hearing where the decision at hand depends wholly or in part on the question of whether a legal relationship exists (here the obligation to acknowledge the existence of an earlier trademark) and this relationship forms the subject matter of another legal dispute (the invalidation proceedings). The suspension is subject to the court's discretion but may be annulled if the discretion was exercised incorrectly, *or not at all*.

In the Court of Appeal's view, the District Court had not exercised its discretion properly when deciding on the suspension, as it had not examined whether the invalidation proceedings would have negated the need for the infringement trial. The Court of Appeal emphasized that according to the case law of the German Supreme Court, a suspension of proceedings pursuant to Section 148 of the German Code of Civil Procedure is appropriate if there is a certain probability of cancellation of the trademark that justifies the delay in the infringement proceedings due to the suspension. The degree of probability required is something of a debate among legal academics. Sometimes the test is described as an "overwhelming prospect of success," while others cite it as only a "considerable probability of success."

In the opinion of the Court of Appeal, a distinction must be made between different grounds for invalidity. A ground for refusal examined by the German PTO would need higher prospects of success as compared with grounds for refusal based upon bad faith, where the direct knowledge and competency of the Office is more limited as compared with assessment of distinctive character where the prospects of success may be lower. Nevertheless, the Court of Appeal may review the decision of the District Court only for an error of procedure or incorrect exercise of discretion granted by Section 148 of the Code of Civil Procedure, and it is not authorized to substitute its own discretion for the discretion granted to the District Court. The Court of Appeal emphasized the need to include sufficient considerations for the discretion applied, in which the arguments for and against a suspension are weighed against each other to enable others to verify whether the discretion had been properly applied.

In the case at hand, no such reasoning had been included since the District Court had merely made a general reference to the application and stated in general terms that, according to the circumstances presented by the defendant, it must be assumed that the trademark application was filed in bad faith. Accordingly, the case was remitted to the District Court to re-examine whether the invalidation proceedings would be likely to resolve the need for an infringement trial.

6. Norway—Norwegian Supreme Court—What is the distinctive character and reputation of a mark with an archaic descriptive meaning?

Having decided comparatively few trademark cases, in *Olav Thon v. Erik Jacobsen and Madriku AS*,¹⁰⁶ the Norwegian Supreme Court gave a rare decision on December 14, 2021, restating and clarifying the boundaries of the limited protection offered to trademarks consisting of one or more descriptive or generic elements, as well as the guidelines for assessing whether a descriptive mark has gained a reputation.

In the decision, the Court considered whether the use of the name and logo “STORTORVET GJESTGIVERI” by the Norwegian restaurant company Madriku AS and its leader of the board Erik Jacobsen (collectively: “Madriku”) infringed upon the rights of the famous 98-year-old Norwegian real estate developer and previous Forbes list of billionaires-listee Olav Thon, who owns and operates the restaurant “Stortorvets Gjestgiveri” in Oslo.

While the historical restaurant owned by Thon had been in business since the mid-nineteenth century, Thon did not apply for trademark registration for STORTORVETS GJÆSTGIVERI before 2018, upon which it was registered as a combined trademark in Class 43 with the Norwegian Patent Office later that year:¹⁰⁷

¹⁰⁶ Case HR-2021-2480 (Norwegian Supreme Court, December 14, 2021).

¹⁰⁷ Norwegian Trademark Registration No. 300006, STORTORVETS GJÆSTGIVERI ANNO 1700, Application No. 201804939, registered on September 5, 2018.



The rather belated trademark registration application had, in fact, been filed as a response to Thon being made aware of Madriku's usage of STORTORVET GJESTGIVERI as a name and logo for a restaurant in Hamar¹⁰⁸ established in 2015, following customers mistakenly placing bookings for the latter restaurant instead of Thon's restaurant in Oslo. Madriku's logo displayed below:



Directly following the successful registration of its own trademark, Thon filed a lawsuit against Madriku claiming that the use of the name and logo STORTORVET GJESTGIVERI infringed upon his exclusive rights to the registered trademark pursuant to Article 5(1) of the 2008 TM Directive and the Norwegian Trademark Act.¹⁰⁹ Additionally, Thon argued that the name STORTORVET GJESTGIVERI had gained reputation in the relevant geographical area, and that Madriku's name and logo infringed on the protection awarded to the mark as a result of this reputation pursuant to Article 5(2) of the 2008 TM Directive and the Norwegian Trademark

¹⁰⁸ Town in Innlandet County, Norway, located approximately 126 km outside Oslo.

¹⁰⁹ Chapter 1, Article 4(1) of the Norwegian Trademark Act (2010-03-26-8), which implements Article 5(1) of the 2008 TM Directive. The 2015 TM Directive has not yet been implemented in Norwegian law.

Act.¹¹⁰ Notably, Thon argued that while “Gjæstgiveri” (which translates as “guesthouse” or “inn”) originally held a descriptive meaning, the word was outdated and archaic, and could therefore be expected to be granted special attention by the average consumer.

Madriku counterclaimed that the relevant component of the registered trademark—the name “STORTORVETS GJÆSTGIVERI” and its visual representation—were descriptive of the services for which it was used, devoid of distinctiveness and therefore would have been unregistrable on its own. Consequently, Madriku argued, the component “STORTORVETS GJÆSTGIVERI” did not enjoy protection in itself through Thon’s registered combined mark.¹¹¹ Lastly, Madriku argued that STORTORVETS GJÆSTGIVERI could not be considered to have gained protection through reputation, as the provided documentation for such reputation did not meet the required standard of proof required for an inherently descriptive trademark.

The City Court had ruled in favor of Thon,¹¹² while the Court of Appeal had acquitted Madriku following the latter’s appeal.¹¹³ Thon’s appeal of the judgment from the Court of Appeal was admitted to the Norwegian Supreme Court,¹¹⁴ which upheld the judgment of the Court of Appeal.

In its assessment of the distinctiveness of the mark STORTORVETS GJÆSTGIVERI, the Supreme Court first noted that it was irrelevant for the assessment of the descriptive character of the mark whether there were more usual words available to describe the services for which the archaic “Gjæstgiveri” was descriptive of, with reference to the CJEU’s judgment in *Postkantoor*.¹¹⁵ The Court furthermore found that “Stortorvet” (which translates as “the grand plaza”) was descriptive of the

¹¹⁰ Chapter 1, Article 4(2) of the Norwegian Trademark Act, which implements Article 5 (2) of the 2008 TM Directive.

¹¹¹ Pursuant to Chapter 1, Article 5(1) of the Norwegian Trademark Act, which states that the rights conferred to a registered trademark shall not extend to such components of the trademark that would have been unregistrable on their own.

¹¹² Case TOSLO-2018-142580 (Oslo City Court, February 15, 2019).

¹¹³ Case LB-2019-76871 (Borgarting Court of Appeal, March 23, 2021).

¹¹⁴ Perhaps notable in comparison to some other jurisdictions, the Norwegian Supreme Court only admits appeals concerning matters with legal significance that extends the scope of the case in question, or cases that for other reasons are considered important to be decided by the Supreme Court, pursuant to Chapter 30, Article 30-4(1) of the Norwegian Disputes Act (2005-06-17-90). The Supreme Court is rather restrictive in the number of cases it admits and has as of 2021 admitted comparatively few trademark cases, granting special significance to the *Stortorvet Gjæstgiveri* case, which was decided on the same day as the *Bank Norwegian* case (Case HR-2021-2479-A), and also concerned a trademark-related infringement claim.

¹¹⁵ Case C-363/99 (*Postkantoor*) (CJEU, February 12, 2004) (*see* para. 57).

geographical placement of the restaurant, both as a name commonplace in several Norwegian cities as well as a generic reference to a large square in a city or town. The Court noted that the combination of these two descriptive elements did not in itself create a holistic impression sufficiently far removed from that produced by the simple combination of those elements.¹¹⁶ In its assessment of whether the visual elements of the mark modified the descriptive impression of the mark, the Court noted that the curved gothic font was not sufficient to create a “*perceptible difference*” from the descriptive character of the mark, with reference to the CJEU’s judgment in *Baby-Dry*.¹¹⁷ In conclusion, the Court found that the mark STORTORVETS GJÆSTGIVERI could not have been registered on its own, and therefore that Madriku’s use of the name and logo “STORTORVET GJESTGIVERI” did not infringe upon the registered combined mark.

The Court proceeded to consider whether STORTORVETS GJÆSTGIVERI had gained reputation in accordance with Article 5(2) of the 2008 TM Directive and the Norwegian Trademark Act,¹¹⁸ in order to assess whether Madriku’s name and logo took unfair advantage of, or was detrimental to, the distinctive character or the repute of Thon’s trademark. With reference to previous case law, the Court noted that while a mark that is originally descriptive may gain distinctiveness through reputation, the threshold to be applied to this assessment is high. Following the guidelines for the assessment given by the CJEU in *Chiemsee*,¹¹⁹ the Court noted that while the mark might have gained reputation in the Oslo area, the mark could not be considered to have gained a nationwide reputation. The Court further found that the plaintiff had not documented that the mark had gained reputation in the Hamar area, as a submitted market survey showed significantly less public recognition of the mark in that area, and was also found to suffer from methodological flaws. Since Madriku’s usage of the name and logo “STORTORVET GJESTGIVERI” was limited to the Hamar area, the Court concluded that Madriku’s use of the name and logo did not infringe on any protection gained by Thon’s mark through reputation.

The Court additionally rejected that Madriku’s use of the name and logo was in violation of the Norwegian Marketing Act,¹²⁰ reiterating previous statements that the finding of violations of the supplemental protection awarded through such less-specialized intellectual property right legislation requires the presence of

¹¹⁶ With reference to Case C-363/99 (*Postkantoor*) (CJEU, February 12, 2004) (*see para. 99*).

¹¹⁷ Case C-383/99 P (*Baby-Dry*) (CJEU, September 20, 2001) (*see para. 40*).

¹¹⁸ Chapter 1, Article 4(2) of the Norwegian Trademark Act.

¹¹⁹ Joined Cases C-108/97 and C-109/97 (*Chiemsee*) (CJEU, May 4, 1999) (*see para. 51*).

¹²⁰ Chapter 6, Articles 25 and 30 of the Norwegian Marketing Act (2009-01-09-2).

elements in the case that are not addressed through the specialized legislative act, thereby fully acquitting Madriku.

7. Greece—Athens Court of First Instance—What is the correct level of damages awarded for hypothetical license?

The case¹²¹ concerned a Greek national trademark CELESTINO (word), filed on February 9, 2000, registered in respect of clothes in Class 25 and a figurative EUTM (below) filed on February 19, 2014, and registered for the same goods.



The marks had been in considerable use in Greece, both in stores and online, and were well known to Greek consumers.

The defendants were former business partners of the plaintiffs, initially as licensees and later as distributors. The business cooperation ended in 2017, at which time the defendants opened their own stores in Greece bearing the CELESTINO sign and their own (different) trademark. The plaintiffs sued for trademark infringement, seeking a permanent injunction and damages.

According to Article 13(1)(b) of the IP Enforcement Directive,¹²² courts may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees that would have been due if the infringer had requested authorization to use the intellectual property right in question.

Article 13(1)(a) of the IP Enforcement Directive provides that courts awarding damages shall take into account all appropriate aspects, including the economic consequences of infringement, the lost profits that the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightsholder by the infringement. The provisions of the IP Enforcement Directive are implemented in Greek trademark law. In considering the hypothetical license for calculation of damages, national law provides for a method of calculation based on objective criteria, being the royalties that the average contracting parties would agree on if they had entered into negotiations.¹²³

¹²¹ No. 1025/2021 Athens Multi Member First Instance Court.

¹²² 2004/48/EC.

¹²³ See Greek Trademark Law 4072/2012, which implemented the said provisions into Greek law for the first time, now substituted by Law 4679/2020.

The Court provided an analysis of this method of calculation. It clarified that no actual damage is necessary to be incurred in the form of losses or lost profits of the trademark owner. The terms of prior licenses freely entered into previously would be of evidential assistance to infer the standard or usual royalty paid. This would assist in comparing the amount previously agreed to compare to the infringement at issue and a range of factors including number, range, or extent of prior licenses would be relevant to the comparison. Once calculated, royalties could be in the form of a lump sum, a percentage on the gross profits of the licensee or net profits or the items' retail price ("earned royalty"), or a guaranteed royalty as the minimum amount payable in any case, if the earned royalty was less than that.

The plaintiff sought a damages claim of €2 million for the relevant two-year period between 2017 and 2018. The Court found that no evidence was submitted to prove that a lump sum would be agreed between a reasonable trademark proprietor and licensee for the use in question, being limited to the façade of a physical shop and that the value sought was subjective, not objective. The plaintiffs had adduced in evidence an intra-group license between the plaintiffs at a value of €10,000 but such license did not correspond to the abstract damages of the plaintiffs caused by the defendants. The plaintiffs had also adduced the evidence of a chartered accountant in 2012 that had determined the commercial value of the Greek trademark at issue at the amount of €76,770 using the Relief from Royalty method and the hypothetical income from royalties using an online database which calculated a percentage at 2% of the actual sales of the goods bearing the "illegal trademark."

The Court found that the defendants were infringing the plaintiffs' trademarks and ordered a permanent injunction, including to cease using a social media account with the infringing sign contained in the account name. The defendants were also ordered to publicize the ruling on the website of the plaintiffs.

8. UK—Court of Appeal—Can there be trademark infringement without evidence of actual confusion?

In the case of *UK Gymnastics Ltd & Ors v. British Amateur Gymnastics Association*,¹²⁴ the UK Court of Appeal upheld the High Court's decision¹²⁵ that the defendants' use of "UK Gymnastics" had infringed the claimant's rights in the mark BRITISH GYMNASTICS. The Court found that there had been trademark infringement despite fairly low similarity between the marks and

¹²⁴ [2021] EWCA Civ 425.

¹²⁵ [2020] EWHC 1678.

the absence of evidence of actual confusion (but ultimately allowed the defendants’ appeal to narrow the scope of the injunction granted against them).

The claimant, British Amateur Gymnastics Association (“BAGA”), a not-for-profit National Governing Body (“NGB”) and the only *recognized* NGB for gymnastics in the UK, had traded under the name “British Gymnastics” since 1997, building up substantial goodwill in that designation. BAGA owned a series of two registered UK trademarks since 2017 and 2018 (the “Claimant’s UKTMs”) as represented below.

The defendants, UK Gymnastics Ltd (“UKG”), UK Gymnastics Affiliation Limited (“UKGA”), as well as the sole director of both companies had offered and sold membership, competition, certification, and other services to gymnasts, gymnastics clubs, and coaches under the below UK GYMNASTICS word and logo signs (the “Defendants’ Signs” below), since 2012/2013.

Claimant’s UKTMs	Defendants’ Signs
	
	
	<p data-bbox="637 1108 950 1140">UK Gymnastics (word)</p>
	

BAGA brought an action against the defendants in the High Court for trademark infringement under Section 10(2) of the Trade Marks Act 1994, based on the similarity of the trademarks and successfully obtained an injunction.

The High Court held that the defendants’ word sign had a low degree of visual and aural similarity, but strong conceptual similarity, meaning that overall, there was *medium similarity* between the claimant’s UK trademarks and the defendant’s word sign. However, in comparing BAGA’s and the defendants’ logo marks, the Court held that despite these marks also having low visual and aural but high conceptual similarity, the Court found a

low degree of similarity between the logo marks. Since the services listed for both marks were identical or highly similar, the High Court ruled that there was a likelihood of confusion between the marks. The defendants appealed the finding of trademark on two grounds; both of which were dismissed by the Court of Appeal.

The inconsistency ground

On appeal, the defendants argued that the High Court should have concluded that both of the Defendants' Signs (i.e., the logos and the words) had a low degree of similarity with the claimant's UK trademarks, as the assessment of aural, visual, and conceptual similarity for both signs was the same. The High Court had ruled that the logo similarity was not the same as the similarity of the word marks *overall*. This was largely because the defendants' logos contained elements that their word marks did not, namely typography (block capitals and in one case the letters "UK" being more prominent) and, in particular, the flag elements. The Court of Appeal felt satisfied that the High Court had correctly considered the differences between the Defendants' Signs. The Court of Appeal upheld the finding of a likelihood of confusion notwithstanding that the similarity between the signs was low.

The no likelihood of confusion ground

The defendants also argued that notwithstanding the inconsistency ground, there was no likelihood of confusion since:

1. the High Court had failed to consider the matter from the perspective of the average consumer who would, the defendants contended, pay significant attention when using or paying for services related to a gymnastics NGB, and who would therefore not be confused by the origin of the services.
2. BAGA had only proved one instance of *actual* confusion and the High Court had already accepted that the defendants were not aware of this confusion. The defendants submitted that this one instance was not probative, as they had operated in parallel with BAGA since around 2012/13 and they sought to rely on the case of *Stichting BDO v. BDO Unibank Inc.*¹²⁶ as authority that the absence of any evidence of confusion is more significant the longer the period of parallel trade.

In relation to the first claim, the Court of Appeal ruled that the High Court had correctly considered the level of attention of the average consumer; the High Court had correctly pointed out that children (i.e., gymnastics competitors) and spectators at sporting

¹²⁶ [2013] EWHC 418 (Ch), [2013] FSR 35 at [167].

events would likely pay a lesser degree of attention than coaches, owners of sports clubs, and NGBs or federations, who would no doubt pay a greater degree of attention.

In dealing with the defendants' second claim, the Court of Appeal confirmed that there is no need for *actual* confusion to exist, in order to bring a case for likelihood of confusion. The Court also accepted BAGA's argument that courts must consider (i) any opportunity there had been for confusion to occur and (ii) what opportunity there was to detect it.¹²⁷ The Court of Appeal explained that the High Court had not erred in accepting BAGA's submission that UKG's small scale of operations (in comparison with that of BAGA) meant that it was very possible that instances of confusion had been "*masked*" or not brought to BAGA's attention.

The decision serves as an interesting reminder to trademark applicants that even where individual elements of two signs are highly similar, the overall assessment of similarity might differ, and sometimes substantially so. It also shows where a lower degree of similarity between two marks might be offset by other factors, such as in this case, the degree of attention likely to be paid to the marks by the average consumer. The Court of Appeal also reiterated two established points: first, that evidence of actual confusion will be relevant where such evidence is old, so long as it allows the court to consider whether the use of the mark provided an *opportunity for such confusion to occur*; and second, that no actual confusion is required for a likelihood of confusion to be found.

9. UK—High Court—Will a brand owner be liable for primary infringement alongside its licensees?

In the case of *Lifestyle Equities CV and another v. The Copyrights Group Ltd and others*,¹²⁸ the High Court dismissed claims of trademark infringement of the BEVERLY HILLS POLO CLUB logo against a total of sixteen defendants, including (i) a U.S. company that owned the GREENWICH POLO CLUB brand (the third defendant); (ii) its brand licensing agency, The Copyright Group Ltd (the first defendant); and (iii) a director of the first defendant (second defendant). The remaining defendants were licensees of Greenwich Polo Club's logo.

The claimant is the proprietor of various figurative EU and UK trademarks relating to BEVERLY HILLS POLO CLUB (comprising those words, a charging polo pony, a rider, and a mallet, as represented below) for goods including "clothing, footwear, headgear" in Class 25. Greenwich Polo Club is a leading polo club that has been producing merchandise, including the above-

¹²⁷ Samuel Smith Old Brewery (Tadcaster) v. Lee [2011] EWHC 1879 (Ch), [2012] FSR 7 at [95].

¹²⁸ [2021] EWHC 1212 (Ch).

mentioned goods, using its own brand since the 1990s (as represented below). The Copyright Group Ltd had been engaged by Greenwich Polo Club to expand its merchandising.



The claimant issued trademark infringement proceedings against Greenwich Polo Club, the Copyright Group, and various other entities based on Sections 10(2) and 10(3) of the Trade Marks Act 1994 and equivalent Articles of the 2017 EUTM Regulation, namely 9(2)(b) and 9(2)(c). The claimant argued that the defendants had used or threatened to use its sign in the UK and/or EU.

In deciding this case, the High Court noted that the claimant's claim was "diffuse and unspecific, quite broad-brush." In particular, the High Court held that in relation to the first to third defendants, although they had licensed the use of the contested sign, none of them had caused goods bearing them to be traded in the EU or the UK. Rather, the Court confirmed that it was the other defendants who were using the sign in the course of trade in the relevant jurisdictions and the first to third defendants could not be held jointly and severally liable for the acts of the other defendants.

Moreover, the Court held that while there had been use of the relevant sign by the remaining defendants in Greece, Cyprus, and Bulgaria, there had been no evidence of use in the UK. Accordingly, the claimant's claim under the Trade Marks Act 1994 failed.

In relation to similarity of the trademarks based on the claimant's EU registrations, the High Court held that the respective marks were not similar, either in terms of the figurative elements, or the distinctive words used to indicate the origin of the goods. According to the Court, the claimant's mark showed a polo player swinging a mallet above the words "BEVERLY HILLS POLO CLUB," whereas the defendants' logo featured two polo players competing for the ball and riding toward the viewer above the words "Greenwich Polo Club." Further, the Court held that the horse and rider were a generic link to the sport of polo and the word elements of the signs, being the critical element, were visually, aurally, and conceptually different: the claimant's sign pointed to a "lifestyle" brand that was different from the defendant's logo that distinguished the actual polo club as the originator. The High Court

held that in these circumstances, notwithstanding the identical nature of the goods, the reasonably well-informed and circumspect consumer would not be confused by the signs. On that basis there was no infringement by the remaining defendants and the claim for primary infringement against the first defendant failed for lack of evidence of infringing activity.

Finally, the High Court also dismissed the claimant's infringement case based on the reputation of the claimant's mark (Article 9(2)(c) of the 2017 EUTM Regulation) as the evidence of reputation provided for the three relevant EU countries was held to be insufficient (most of the evidence provided related to reputation in the Middle East and India).

The judge commented that the court had already seized jurisdiction prior to the UK leaving the EU and so had jurisdiction to determine the EU trademark infringement claims. However, he noted that had he found for the claimant, he would have required assistance as to whether he could have granted extraterritorial injunctive relief in relation to the EU trademarks in relation to acts carried out during the UK-EU transitional period and after the expiry of the Withdrawal Agreement.

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

This interaction between (fair) competition and trademark law forms, as always, is the basis for cases considered in this Part VII. Two important decisions in Spain and the Netherlands examined the "descriptive" use of a trademark to refer to the proprietor's own goods and services, the former in the context of a prize promotion, the latter to indicate compatibility. The complex area of exhaustion and the ability to object to (further) commercialization was also considered by the Dutch Supreme Court, which confirmed that a trademark owner's intention to market products outside the EEA was not decisive in the context of trademark exhaustion. In Spain, exhaustion of trademarks was also not a sufficient defense to a claim

for trademark infringement in respect of the resale of computer software.

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 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. Spain—Supreme Court—Does the descriptive use of a third party’s trademark constitute a defense to an infringement claim?

This case refers to the trademark infringement action filed by Inditex, the owner of the trademark ZARA, against the company Buongiorno Myalert S.A. (“Buongiorno”) for the unauthorized use of the ZARA mark.

Buongiorno offered a subscription service for multimedia content via SMS. As part of a planned promotion marketed under the name “Club Blinko,” Buongiorno offered a prize consisting of a €1,000 ZARA gift card. On the screen displayed after clicking on the banner, the ZARA trademark appeared highlighted and framed in a rectangle, similar to the format of the cards usually issued by banks, department stores, etc. Participation in the prize draw was conditional upon a subscription to the paid service for a minimum period of 30 days.



Inditex sent a cease-and-desist letter in 2010. The allegation of infringement was denied, but Buongiorno stated that it had stopped the campaign. In 2013 the campaign was launched again, and ZARA issued a claim for trademark infringement.

The Commercial Court of Madrid¹²⁹ dismissed the complaint. The Court considered that the use of the ZARA mark by Buongiorno constituted descriptive use that did not affect any of the functions of the trademark (indication of origin, advertising, and investment) and did not harm the reputation of the plaintiff’s trademark, nor did it take unfair advantage of its reputation, considering that it was a use with due cause and in accordance with the customs of the trade, as necessary for the identification of the prize.

Inditex appealed the decision. In its appeal it did not contest the fact that the use by Buongiorno was descriptive but based its appeal on the sole argument that the unauthorized use of a well-known trademark is not allowed and whether or not the unauthorized use affects the functions of the mark is irrelevant, since consideration of

¹²⁹ Commercial Court No. 2 of Madrid, judgment of March 15, 2016 (Case No. 569/2013).

harm to the functions of the trademark did not apply in the analysis of infringement of trademarks with a reputation.

The Appeal Court of Madrid¹³⁰ rejected the appeal. The Court considered that in the case of the well-known marks, the proprietor of the trademark is entitled to prevent that use only if it is liable to have an adverse effect on one of the functions of the mark. Such functions include not only the essential function of the trademark, which is to guarantee to consumers the origin of the goods or service, but also its other functions, such as that of guaranteeing the quality of the goods or service, or those of communication, investment, or advertising. In this regard, it referred to several judgments of the CJEU, in particular to the judgment of September 22, 2011, in *Interflora*,¹³¹ where the CJEU concluded that:

the proprietor of a trade mark with a reputation is not entitled to prevent, inter alia, advertisements displayed by competitors on the basis of keywords corresponding to that trade mark, which put forward—without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without, moreover, adversely affecting the functions of the trade mark with a reputation—an alternative to the goods or services of the proprietor of that mark.

Inditex appealed to the Supreme Court of Spain. In its appeal it stated that the unauthorized use of a well-known mark would always affect the functions of the mark, so it should not be necessary for the trademark owner to additionally prove that the unauthorized use affects the functions of the mark. The Supreme Court disagreed, denying the appeal. The law prohibits the use of well-known trademark where its use, without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark. By not contesting the fact that the use of the ZARA trademark by Buongiorno constituted descriptive use, Inditex was accepting that it was use with due cause. The Supreme Court¹³² confirmed the findings of the Appeal that the use by Buongiorno of the trademark in such circumstances was descriptive and did not infringe. Because Inditex had not argued that the use made of the ZARA trademark by Buongiorno went beyond the descriptive use allowed by law, that aspect was not explored.

¹³⁰ Judgment No. 289/2018, of the Appeal Court of Madrid (Section 28) of May 18, 2018, appeal 692/2016.

¹³¹ Case C-323/09. (Emphasis added.)

¹³² Judgment No. 725/2021 of the Supreme Court (First Chamber) of October 26, 2021 in cassation appeal 4370/2021 (Inditex v. Bongiorno Myalert S.A.).

2. Benelux—Dutch Supreme Court (The Netherlands)—What trademark use is permitted to indicate compatibility?

The decision of the Dutch Supreme Court in *Infineon/NXP*¹³³ of January 8, 2021, considered the issue of trademark use. Infineon had used NXP's trademark MIFARE in connection with the advertisement and sale of its computer chips, among others, by stating *Mifare compatible interface* and *Mifare compatible*. NXP considered such acts to constitute trademark infringement. Infineon claimed a defense under Article 14(1)(c) of the 2017 EUTM Regulation.

Article 14(1)(c) of the EUTM Regulation provides that an EUTM shall not entitle the proprietor to prohibit a third party from using, in the course of trade

(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.

Paragraph 1 shall only apply where the use made by the third party is in accordance with honest practices in industrial or commercial matters.

The Dutch Supreme Court confirmed that a need to indicate the purpose of a product or service is not the only ground for permitted trademark use. Trademark use by a third party to provide information about the compatibility of its own product with the goods or services of the trademark owner should in principle be allowed where that information is correct. If the claimed compatibility did not in fact exist, it would not be in accordance with “honest practices in industrial or commercial matters.”

When considering whether the communication was correct, the Court must assess how the relevant public will perceive such use. It is not solely a question as to whether the statement is “technically correct”; it must also be assessed as to how the relevant public will understand the communication. The Dutch Supreme Court overturned the decision of the Court of Appeal and remitted the case back to be further decided.

¹³³ Dutch Supreme Court January 8, 2021, ECLI:NL:HR:2021:37 (*Infineon/NXP*).

3. Spain—Appeal Court of Alicante—Could the exhaustion of trademark rights prevent the resale of computer software?

The Appeal Court of Alicante considered the issue of exhaustion as a defense to trademark infringement in *Microsoft Corporation v. Siramusa S.L.*¹³⁴ Siramusa S.L. had been sued by Microsoft Corporation for offering unauthorized subscriptions to “Office 365 Education” and logins/passwords dissociated from the corresponding license of use for various Microsoft products such as Windows 7, Windows 8, Windows 10 and Microsoft Office Professional Plus.

Both the Spanish Copyright Act and the 2017 EUTM Regulation contain legal provisions on exhaustion of rights. The Spanish Copyright Act states in Article 99 that “the first sale in the European Union of a copy of a computer program by the holder of the rights or with his consent shall exhaust the right of distribution of that copy, except for the right to control the subsequent rental of the program or a copy thereof.” Similarly, Article 15 of the 2017 EUTM Regulation states that “the 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 trademark by the proprietor or with his consent.”

Siramusa argued that Microsoft could not prevent the unauthorized marketing of logins and passwords intended for subscribers of “Office 365 for Students” dedicated to the educational field and selling access keys disassociated from the license of the “Windows” and “Office” programs allowing their activation, as these had already been put on the market by Microsoft and the relevant rights exhausted. The Defendant maintained that the first commercialization of the programs by Microsoft has already taken place through the granting of a license to a Spanish educational institution, so that the successive transmissions of the computer programs by lawful users would be permitted.

The exhaustion of rights defense was rejected by both the EU Trademark Court No. 1 of Spain¹³⁵ and affirmed by the Appeal Court of Alicante.¹³⁶ Both decisions emphasized that the requirements for exhaustion were not met. The relevant software license agreement was between Microsoft and the qualified educational institution. The institution, in turn, provided the download credentials to the institutional email address of the

¹³⁴ Judgment No. 132/2021 of the Appeal Court of Alicante (Eighth Chamber), dated February 9, 2021, appeal 1177/2020.

¹³⁵ Judgment of May 11, 2020, of the EU Trademark Court No. 2, Case 147/19, *Microsoft Corporation v. Siramusa S.L.*

¹³⁶ Judgment No. 132/2021 of the Appeal Court of Alicante (Eighth Chamber), dated February 9, 2021, appeal 1177/2020.

relevant students. The educational institution did not, in fact, grant an onward license to its students, but merely established a subscription service through temporarily limited credentials in favor of the students enrolled at the educational institution. Consequently, the sale of the logins and passwords created within that relationship was not authorized because there had not been a successive transfer of licenses and, in fact, the entitlement and permissions to download and use a copy of the program was a temporary status, only for so long as they remained linked to the educational institution. Furthermore, the defendant did not provide any evidence of the educational institution of origin, as the domain name used “officeent.top” could not be linked to any such institution.

In addition, the origin of the product had not been proved so there was no evidence that the credentials and product keys marketed by the defendants had already been placed on the market in the European Economic Area by or with the consent of Microsoft to create a lawful first sale. In addition, the unauthorized use of the Microsoft trademarks was infringing use, rather than fair descriptive use as claimed by the defendants. The fair use defense could be validly invoked only if “the use made by the third party is in accordance with honest practices in industrial or commercial matters” and in this case it was not. Ultimately the defendant lost the case both for copyright and trademark infringement and was ordered to stop the infringing use and to compensate Microsoft with the minimum damages provided by Spanish law (1% of the turnover made by the infringer with the infringing use). The Court applied the minimum provided by law in the absence of evidence relating to the value of any hypothetical royalty.

4. Benelux—Dutch Supreme Court (The Netherlands)—What relevance is the owner’s intention to market goods outside the EEA to the concept of exhaustion?

The decision of the Dutch Supreme Court in *Hennessy*¹³⁷ of April 23, 2021, confirmed that the trademark owner’s intention to market products outside the EEA is not decisive in the context of trademark exhaustion.

Hennessy sold products to a party based in Dubai (with Kenya as the shipping destination) as well as to a party based in Sierra Leone. The products were delivered by Hennessy to a shipping company in Rotterdam, Netherlands, under T2 status (designed for community goods), but with an intended ultimate destination outside the EEA. At some point, another (Dutch) company obtained

¹³⁷ Dutch Supreme Court, April 23, 2021, ECLI:NL:HR:2021:641 (*Hennessy*).

these products and offered them for sale in the Netherlands. Hennessy sued that company for trademark infringement.

In its decision, the Dutch Supreme Court emphasized that the starting point is that the sale of branded products in the EEA by the trademark owner enables the trademark owner to realize the economic value of the trademark and therefore “exhausts” those rights in relation to onward commercialization. In this respect, the Dutch Supreme Court considered that it was not relevant whether the trademark owner had actually intended a sale outside the EEA. With reference to the CJEU’s decision in *Peak Holding*,¹³⁸ the intentions of and agreements with third parties concerning the destination of products do not preclude exhaustion. It is not relevant that the buyer of the products is not based in the EEA, nor whether the trademark owner has in fact realized the economic value of its trademark and whether he, with a view on further trade outside the EEA, agreed to a lower price than he would have done in case of further trade in the EEA. It is decisive whether the trademark owner has had the “opportunity” to realize the economic value of its trademark, which is the case when he sells such goods in the EEA.

The Dutch Supreme Court concluded that, in view of this, the judgment of the Court of Appeal that Hennessy’s rights regarding the seized Hennessy products had been exhausted when Hennessy sold the products and delivered those under T2 status in Rotterdam, was not incorrect or incomprehensible. Apparently, as the Court of Appeal had found, a trademark owner wishing to ensure that products do, in fact, leave the EEA should transport such goods itself and not rely on a third-party shipping company.

VIII. PRACTICE AND PROCEDURE

A. Introductory Comments

This final Part VIII contains cases that are of more general interest to brand owners and trademark practitioners, containing important points of principle or updates on trademark practice and procedure affecting EUTMs or national trademarks in the EU or other European countries.

The range of topics covered in this more general update section are inevitably fairly diverse, some of which relate to the rather specific rules or considerations brought before national courts in 2021. At “EU” level, in *Olimp Laboratories v. EUIPO*, the CJEU effectively confirmed the General Court’s decision to uphold the opposition to the application for the figurative mark HYDROVISION, whereby the General Court had also confirmed that the legality of EUIPO decisions is assessed solely on the basis

¹³⁸ Case C-16/03 (CJEU, November 30, 2004) ECLI:EU:C:2004:759 (*Peak Holding*), para. 53-55.

of the Regulation and EU case law, and not on the basis of previous decision-making practice, such that the EUIPO's earlier decisions are not capable of giving rise to "legitimate expectations." The CJEU rejected permission to appeal, citing the (now familiar) position that *Olimp* had not established any issue that was significant with respect to the unity, consistency, or development of EU law. On a similar theme, the Brussels Court of Appeal confirmed that an "administrative decision" of EUIPO had *no res judicata* and could not be binding on an EU trademark court that has to rule at the request of a different party. The General Court also considered the question of (a lack of) representation rights for UK qualified barristers before the EUIPO in *Daimler AG v. EUIPO*.

Any brand owner considering seeking interim relief in Ireland would be well advised to consider the restatement of the relevant test in *Aviareto Limited v. Global Closing Room Limited* and, in particular, the impact of delay on taking action. The Italian Supreme Court issued a fascinating decision on the need for co-owners to grant licences to third parties, while the UK decision of *Fox Group International Ltd v. Teleta Pharma Limited* reminds practitioners outside the UK of the risk of unjustified threats rules, as well as the recurrent issue of bad faith. Finally, the Federal Administrative Court of Switzerland considered whether a third party has the right to appeal the registration of a trademark based on absolute grounds for refusal.

B. Legal Texts

Article 76 of the 2017 EUTM Regulation

Examination of the facts by the Office of its own motion

1. In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to relative grounds for refusal of registration, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought.
2. The Office may disregard facts or evidence which are not submitted in due time by the parties concerned.

Article 125 of the 2017 EUTM Regulation

1. Subject to the provisions of this Regulation as well as to any provisions of Regulation (EU) No 1215/2012 applicable by virtue of Article 122, proceedings in respect of the actions and claims referred to in Article 124 shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

2. If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.
3. If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.
4. Notwithstanding the provisions of paragraphs 1, 2 and 3:
 - (a) Article 25 of Regulation (EU) No 1215/2012 shall apply if the parties agree that a different EU trade mark court shall have jurisdiction;
 - (b) Article 26 of Regulation (EU) No 1215/2012 shall apply if the defendant enters an appearance before a different EU trade mark court.
5. Proceedings in respect of the actions and claims referred to in Article 124, with the exception of actions for a declaration of non-infringement of an EU trade mark, may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened, or in which an act referred to in Article 11(2) has been committed.

Article 126 of the 2017 EUTM Regulation

1. An EU trade mark court whose jurisdiction is based on Article 125(1) to (4) shall have jurisdiction in respect of:
 - (a) acts of infringement committed or threatened within the territory of any of the Member States;
 - (b) acts referred to in Article 11(2) committed within the territory of any of the Member States.
2. An EU trade mark court whose jurisdiction is based on Article 125(5) shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated.

C. Cases

1. EU—CJEU—What is the role of previous EUIPO decisions in assessing compliance with the EUTM Regulation and EU case law?

In *Olimp Laboratories v. EUIPO*,¹³⁹ the CJEU effectively confirmed the General Court’s decision to uphold the opposition to the application for the figurative mark HYDROVISION (shown below, the “Contested Mark”) on the basis of likelihood of confusion with an earlier EUTM “Hylo-Vision” (the “Earlier Mark”). The CJEU ruled that the appellant’s appeal could not be allowed on the basis that its request did not raise any issue that was significant with respect to the unity, consistency, or development of EU law.



Background

In January 2017, Olimp Labs sp. Z o.o. (“Olimp”) applied to register the Contested Mark for goods under Class 5. In June 2017, OmniVision GmbH (“OmniVision”) opposed the application on the basis that the Contested Mark would create a likelihood of confusion between the Contested Mark and Earlier Mark under Article 8(1)(b) of the 2009 EUTM Regulation.¹⁴⁰ The Earlier Mark had been registered in November 2016 for goods under Class 5.

The Opposition Division of the EUIPO upheld OmniVision’s opposition. Olimp appealed this decision to the Second Board of Appeal, which agreed with the earlier decision to uphold the opposition. It held, among other things, that (i) the element “vision” in both marks and “hydro” in the Contested Mark had a weak distinctive character in relation to the goods in question and (ii) the “hylo” element of the Earlier Mark was distinctive. As a whole, the two marks were visually similar to an average degree, highly similar phonetically and, to a certain extent, conceptually similar. It concluded that there was a likelihood of confusion at the very least for a portion of the German-speaking public.

Olimp subsequently appealed to the General Court, arguing that:

1. the Earlier Mark was entirely devoid of distinctive character and so not entitled to protection, but in any event the two

¹³⁹ *Olimp Laboratories v. EUIPO* (Appeal—EUTM—Order), [2021] Case C-219/21P_CO (CJEU, June 24, 2021).

¹⁴⁰ Now Article 8(1)(b) Reg 2017/1001.

marks were visually, phonetically, and conceptually different, meaning there could be no likelihood of confusion.

2. the EUIPO had infringed on the principles of the protection of legitimate expectations and of legal certainty. Olimp provided various instances of the EUIPO rejecting oppositions based on the similarity of marks that also contained the element “vision” and argued that if this decision were to stand, no other mark containing the element “vision” could be registered, even if the similarity of the marks in question were due to their descriptive element.

The General Court had dismissed Olimp’s appeal in its entirety.

Likelihood of Confusion

In considering “the relevant public,” the General Court agreed with the Board of Appeal’s conclusion that this consisted of German-speaking medical professionals and patients, who have a higher-than-average degree of attentiveness.

The Court held that the EUIPO had correctly ruled that “hylo” was distinctive, owing to its infrequent use in the German language. The General Court dismissed Olimp’s argument that the relevant public would perceive “hylo” as a descriptive reference to sodium hyaluronate. However, despite the Court agreeing with the Board of Appeal that the “vision” element of the mark had weak distinctive character, when combined with “hylo,” the Court held that this conferred an average degree of distinctiveness on the Earlier Mark. The Court also emphasized that the validity of an earlier mark cannot be questioned in registration proceedings for another mark; this could be done only in cancellation proceedings. The General Court thus could not find that the Earlier Mark was devoid of distinctive character without also calling into question the validity of that mark. By virtue of the Earlier Mark having been registered without objection, it must be acknowledged that it has a certain degree of distinctiveness.

The Court observed that because the goods covered by the marks were identical and because of the average visual and conceptual similarity and high phonetic similarity, there was a likelihood of confusion.

Protection of legitimate expectations and legal certainty

The General Court observed that decisions concerning registrations of EUTMs are made in exercise of circumscribed powers, not as a matter of discretion. Consequently, the legality of EUIPO decisions is assessed solely on the basis of the Regulation and EU case law, and not on the basis of previous decision-making practice. It follows that the EUIPO’s earlier decisions are not capable of giving rise to legitimate expectations. With respect to

legal certainty, as the EUIPO had conducted a full assessment of likelihood of confusion, Olimp could not merely cite previous decisions to cast doubt on that finding. It was not the case this decision would mean no other mark containing “vision” could be registered (even if the similarity is due to the descriptive element); the EUIPO was required by settled EU case law to individually assess each mark applied for, and this cannot be regarded as being subject to general presumptions.

Olimp appealed the General Court’s decision, alleging that it had erred:

1. In its assessment of whether a likelihood of confusion existed.
2. In rejecting the documents Olimp submitted relating to the weak distinctive character of the Earlier Mark, on the basis that those documents were put forward for the first time to the General Court. Olimp argued that the General Court might have reached another decision had they considered these documents.
3. In departing from the EUIPO’s decision-making practice in respect of other oppositions incorporating the element “vision,” thereby infringing the principles of protection of legitimate expectations and of legal certainty.

The CJEU decision

The CJEU rejected the appeal in its entirety: Olimp had not established any issue that was significant with respect to the unity, consistency, or development of EU law. In respect of the first two arguments, Olimp had failed to adequately explain how the alleged errors of the General Court raised a “Significant Issue.” It failed to establish an error with respect to the first argument, although this would fail in any event as it sought to call into question the factual assessment of the likelihood of confusion by the General Court, which cannot give rise to a Significant Issue. Dismissing the third argument, the CJEU merely restated the General Court’s position that the legality of EUIPO decisions is to be assessed solely on the basis of the Regulation and associated case-law, without reference to EUIPO decision-making practice.

2. EU—GC—What representation rights do UK barristers have before EUIPO post-Brexit?

In *Daimler AG v. EUIPO*,¹⁴¹ the General Court considered the issue of representation rights of certain UK legal practitioners post-Brexit. In 2021, the applicant, Daimler AG, brought an action

¹⁴¹ Case T-424/21 (GC (order), December 7, 2021).

against the decision of the EUIPO First Board of Appeal relating to opposition proceedings between it and Volkswagen AG. In the application, the applicant stated that it was represented by Mr. D. Moore, “patent attorney litigator,” and by Mr. D. Ivison and Ms. K. Nezami, Barristers. The Court then requested that the applicant regularize its application, among others, by producing certificates that Mr. Ivison and Ms. Nezami were authorized to practice before a court of a Member State or of another State that is a party to the Agreement on the EEA, in accordance with Article 51(2) of its Rules of Procedure. In response, the applicant produced two practicing certificates issued by the General Council of the Bar of England and Wales, attesting that Mr. Ivison and Ms. Nezami possess the title of “barrister” and are authorized to practice before every court in relation to all proceedings.

The application for the annulment was dismissed by the General Court as manifestly inadmissible. The Court first stressed that, according to the Statute of the CJEU, only a lawyer authorized to practice before a court of a Member State or of another State that is a party to the EEA Agreement may represent or assist a party before the Courts of the European Union. Thus, according to settled case law, two cumulative conditions must be satisfied for a person to be validly permitted to represent parties: first, that person must be a lawyer and, second, that he or she must be authorized to practice before a court of a Member State or of another State that is a party to the EEA Agreement. The Court found that a “patent attorney litigator,” such as Mr. Moore, is not a lawyer within the meaning of the Statute of the CJEU and, accordingly, is not authorized to represent a party before the General Court.

With regard to Mr. Ivison and Ms. Nezami, the Court analyzed the various situations (regulated in the Withdrawal Agreement¹⁴²) in which a lawyer who is authorized to practice before the courts or tribunals of the United Kingdom may represent or assist a party before the courts of the European Union, but found that none of them applied in this case. Consequently, the Court found that Daimler’s application was being manifestly inadmissible and was dismissed as such.

3. Ireland—High Court—What is the relevance of delay in the test for seeking an interim injunction?

In *Aviareto Limited v. Global Closing Room Limited*,¹⁴³ the High Court of Ireland, exercising its jurisdiction as an EU Trade Mark

¹⁴² Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

¹⁴³ [2021] IEHC 377.

Court, demonstrated the revised test for interlocutory injunction applications following re-formulation of that assessment by the Irish Supreme Court in 2019.¹⁴⁴ Unjustifiable delay in bringing such an application can be fatal to injunctive relief, but there is no “bright-line” rule, and this case shows that everything depends upon the circumstances.

Background

The plaintiff, Aviareto Limited (“Aviareto”) was a joint venture company owned by SITA SC and the Irish State. Since 2006 this company operated an international register of mobile assets in aircraft equipment that was established under the terms of a series of international treaties governing the financing and leasing of a range of valuable mobile equipment, including aircraft. This international register went live in 2015 and is based on a digital platform developed at a cost of €2 million through which a series of transactions in respect of an asset can be pre-positioned prior to registration so that at the point of registration they will be released into the registry in the correct order of priority. In August 2018, Aviareto applied for a European trademark CLOSING ROOM for six classes of goods and services, including for “a website featuring on-line registration services in the field of aircraft and mobile assets and interests therein.” The mark was registered in August 2019.

That same month, the defendant, Global Closing Room Limited (“GCRL”), was incorporated in Ireland. It is co-owned by a United States company AIC Title Agency LLC (“AIC”) that operates “aircraft closing services” under the trademark “Aircraft Closing Room” and GCRL had been set up to provide the same services outside the United States. Earlier that month Aviareto had reached an agreement with AIC that governed the co-existence of their respective marks in the United States and referenced AIC’s right to use “Aircraft Closing Room” anywhere in the world in relation to its specified services, being the maintenance of escrow accounts to facilitate aircraft closings and title searching. Aviareto said that it entered into this agreement because AIC had applied to register its U.S. mark four months before Aviareto had made its own application, even though Aviareto’s first use had been in 2015. However, not being a party to the agreement, GCRL said that the agreement was only relevant to its delay argument in the injunction application.

The parties disagreed on the extent of GCRL’s use of its name and the development of its business in between the company’s incorporation in August 2019 and the beginning of May 2020 when Aviareto’s lawyers first sent a cease and desist letter claiming

¹⁴⁴ Merck Sharp and Dohme Corporation v. Clonmel Healthcare Ltd, [2019] IESC 65.

registered trademark infringement and requesting the withdrawal of GCRL's trademark application. GCRL denied that the marks or the respective goods and services were similar and various "on the record" correspondence and "without prejudice" settlement discussions ensued until Aviareto issued High Court proceedings around July 23, 2020, and advised GCRL that unless it provided undertakings within two weeks that the substantive proceedings would be served and an application for an interlocutory injunction would be made. Proceedings were finally served on September 22, 2020, and the application for interlocutory injunction was issued on September 25, 2020.

Delay

The Court considered whether Aviareto's delay in bringing the application for interlocutory injunction should be dealt with as a threshold issue on the basis that excessive delay will bar an applicant from interlocutory relief no matter how meritorious the claim may be. The Court found that the circumstances here were not so clear cut or egregious as to fall into the category of excessive delay and that the issue should rather be considered as an element in determining the balance of convenience on the issue of an injunction.

The revised test for an interlocutory injunction

The Court went on to apply the test for an interlocutory injunction as re-formulated by the Irish Supreme Court in 2019 in *Merck*. The new test facilitates a more flexible and holistic approach focusing on where the balance of justice lies pending a substantive trial rather than the traditional phased legal test. The revised test was summarized in the Supreme Court's judgment as follows:

- (1) First, the court should consider whether, if the Plaintiff succeeded at the trial, a permanent injunction might be granted. If not, then it is extremely unlikely that an interlocutory injunction seeking the same relief upon ending the trial could be granted;
- (2) The court should then consider if it has been established that there is a fair question to be tried, which may also involve a consideration of whether the case will probably go to trial. In many cases, the straightforward application of the American Cyanamid and Campus Oil approach will yield the correct outcome. However, the qualification of that approach should be kept in mind. Even then, if the claim is of a nature that could be tried, the court, in considering the balance of convenience or balance of justice, should do so with an awareness that cases may not go to trial, and that the presence or

absence of an injunction may be a significant tactical benefit;

- (3) If there is a fair issue to be tried (and it probably will be tried), the court should consider how best the matter should be arranged pending the trial, which involves a consideration of the balance of convenience and the balance of justice;
- (4) The most important element in that balance is, in most cases, the question of adequacy of damages;
- (5) In commercial cases where breach of contract is claimed, courts should be robustly sceptical of a claim that damages are not an adequate remedy;
- (6) Nevertheless, difficulty in assessing damages may be a factor which can be taken account of and lead to the grant of an interlocutory injunction, particularly where the difficulty in calculation and assessment makes it more likely that any damages awarded will not be a precise and perfect remedy. In such cases, it may be just and convenient to grant an interlocutory injunction, even though damages are an available remedy at trial;
- (7) While the adequacy of damages is the most important component of any assessment of the balance of convenience or balance of justice, a number of other factors may come into play and may properly be considered and weighed in the balance in considering how matters are to be held most fairly pending a trial, and recognising the possibility that there may be no trial;
- (8) While a structured approach facilitates analysis and, if necessary, review, any application should be approached with a recognition of the essential flexibility of the remedy and the fundamental objective in seeking to minimise injustice, in circumstances where the legal rights of the parties have yet to be determined.

Was there a serious issue to be tried?

GCRL did not dispute that there was a serious issue to be tried but argued that, as there was no evidence of actual confusion between the respective marks, Aviareto had failed to establish that it would suffer irreparable damage if the injunction was not granted. Aviareto contended that all it had to show for infringement, even at full trial, was either a likelihood of confusion or of an unfair advantage or detriment to its reputed mark and it should not be required to demonstrate a higher standard for an interlocutory injunction than in substantive infringement proceedings. Not

surprisingly, the Court refused GCRL's argument. It held that there was a serious question of registered trademark infringement, that the interests to be protected by an injunction were not purely financial and to hold that irreparable damage must be shown would fly in the face of the terms and rationale of the re-formulated test for injunctive relief. Further, the Court rejected GCRL's argument that the grant of an interlocutory injunction would mean that the substantive proceedings were unlikely to ever come to trial and confirmed that a permanent injunction was a possible relief following trial.

The balance of convenience

The Court reiterated that the determination under the balance of convenience element of the test is a holistic one considering the overall balance of interests prior to trial and following the Supreme Court's reformulation in *Merck*. The question whether damages would be an adequate remedy (which had formerly been treated as a separate limb 2 of the test that would disentitle relief if answered positively) was now to be considered an element of the overall assessment of the balance of convenience in granting equitable injunctive relief, together with other relevant factors, including the extent of a likelihood of confusion.

Could damages be an adequate remedy?

Noting that this is not a contractual case in which damages are easily assessed, or one where markets could be measured and lost profits calculated, the Court went on to find that in essence both parties facilitated major aircraft transactions and even though Aviareto carried out a public function as registrar, its CLOSING ROOM mark was used in respect of an additional pre-registration facility that had other potential uses and could be licensed to third parties. It found that the main difference between Aviareto's service and GCRL's was that the latter included a secure payment facility for the transaction to be closed. However, GCRL's GLOBAL CLOSING ROOM website was shown in evidence to have various security shortcomings, which was not successfully disputed by GCRL.

Having considered reputational evidence of the CLOSING ROOM mark, the high degree of similarity between the two marks, that the parties operated in the same specialized market and that there was no evidence that the sophisticated user market would avoid confusing the marks, the Court found that Aviareto had a valuable reputation and goodwill in its CLOSING ROOM mark which could be adversely affected if security problems occurred in GCRL's system. Considering these factors and that Aviareto's mark was a registered trademark that was entitled to be treated as a

presumptively valid property right that should be protected pending a substantive trial, the Court found that damages would not be an adequate remedy for Aviareto.

GCRL argued that if an interlocutory injunction was granted and it subsequently succeeded at trial that damages would not be an adequate remedy for the losses that it would have sustained from having to rebrand. This argument was put on the basis that re-branding would be expensive and logistically difficult and would mean that it would have establish a new corporate entity and would be unable to conduct business for 6 to 12 months. GCRL had not explained why it would need to incorporate a new entity or to cease trading and there was no evidence put forward as to the cost of a re-branding exercise, or the damage that it would incur, or as to whether Aviareto could meet any damages award made at trial. While admitting that the re-branding exercise would entail a degree of inconvenience, the Court found on balance that damages would be an adequate remedy for GCRL.

Clearing the path or commercial common sense?

Aviareto tried to run the novel argument for a trademark case, that GCRL should have “cleared the path” before knowingly using a mark so similar to Aviareto’s mark. GCRL argued that this was a patent case concept that was unknown in trademark law and the Court accepted this argument. However, the Court found that to the extent that GCRL relied on potential damage to its business to resist the grant of an injunction, commercial common sense was a factor to which it could have regard in considering the balance of convenience. As GCRL knew of Aviareto’s CLOSING ROOM trademark and based on its connection with AIC and the U.S. settlement agreement also knew that Aviareto would protect its mark, launching a business under a mark that incorporated Aviareto’s mark was a high-risk strategy and any harm that GCRL asserted as a result was outweighed by its deliberate decision to take the risk of infringing the CLOSING ROOM trademark.

Was delay a factor mitigating against relief?

GCRL contended that Aviareto’s delay was so substantial that it should be a bar to injunctive relief on the basis that the exercise of equitable jurisdiction requires that a plaintiff acts with “reasonable expedition.”¹⁴⁵ The Court considered delay over two periods: firstly, the period from October 2019 when Aviareto filed an opposition to GCRL’s trademark application up to May 2020 and secondly, the period from Aviareto’s initial cease and desist letter of May 1, 2020, to the service of proceedings on September 22, 2020, and the issue

¹⁴⁵ Dowling v. Minister for Finance, [2013] 4 IR 576 at 599 per Clarke, J.

of the application for interlocutory injunctive relief on September 29, 2020.

The Court found that there was no real evidence of actual commercial activity, as opposed to the promotion of GCRL's intended business in 2019 and that even by early 2020 there was relatively little evidence of business activity other than the trademark application and published interviews with GCRL's directors about the prospective GLOBAL CLOSING ROOM business. Neither did the Court accept GCRL's argument that Aviareto had constructive knowledge of its activities following the date of filing of its opposition. GCRL also tried to make various arguments based on imputed knowledge or acceptance of co-existence based on the agreement with AIC concerning use of AIRCRAFT CLOSING ROOM in the United States but the Court rejected them. On that basis it found that there was insufficient evidence to establish that Aviareto was or should have been aware of the GCRL's activities during the first period.

In the second period, Aviareto's progress toward making the injunction application was characterized by the judge as "sedate." Various complicating factors were noted, including the pandemic lockdown period, settlement discussions between the parties between May and July 2020 and a requirement to obtain consent to issuing proceedings from the international body that granted its registry license. There was no evidence that Aviareto had acquiesced in the coexistence of the two marks, as it had filed an opposition and indicated in correspondence that it was objecting to use of the GLOBAL CLOSING ROOM mark. Neither was there evidence that GCRL had incurred material additional expense as a consequence of the second delay period. In these circumstances and considering that GCRL had taken a commercial risk in using the GLOBAL CLOSING ROOM before any issue of delay arose, the Court concluded that Aviareto's delay was not sufficient to deny interlocutory relief.

Weighing up the balance of convenience factors

The Court identified three main factors relevant to the balance of justice, namely the adequacy of damages, the fact that GCRL took a commercial risk in launching its business under a name similar to Aviareto's registered trademark and Aviareto's delay. It found that the first two of these weighed in favor of granting the interlocutory injunction. Although the delay factor weighed in the other direction, the Court did not consider that the delay had been of such length as to deny relief. Nor was there any evidence that GCRL had changed its position or incurred any great expense as a result. After finding that to a very large extent the negative weight of the delay was offset by GCRL's deliberate decision to use a mark similar to Aviareto's registered trademark, the Court granted the injunction.

4. Italy—Supreme Court—Joint Ownership—Where a trademark is owned by two or more persons on a pro-rata basis, must the decision to grant an exclusive, royalty-free, perpetual license on said trademark be made by the majority of the owners or by all of them?

The decision of the Italian Supreme Court of October 29, 2021, in *Acanfora Giovanni v. Legea S.r.l.*, *Acanfora Antonio and others* (Case No. 30749) considers the issue of the powers and responsibilities of co-owners who might seek to exclusively license the mark without the consent of the other owner. The Supreme Court referred the issue to the CJEU with a request for a preliminary ruling under Article 267 of the TFEU (Case No. C-686/21). The Supreme Court decision touches upon one of the most controversial and uncertain issues in trademark law, which has yet to be properly addressed at the EU level.

In Italy, co-ownership is addressed under Article 6 of the Italian Industrial Property Code (“IPC”), which is entitlement to “joint ownership” and refers to all industrial property rights, whereby “if an industrial property right is owned by more than one person, the related rights are regulated *mutatis mutandis* by the provisions of the Civil Code related to joint ownership, unless agreed otherwise.”

Among the provisions of the Italian Civil Code (“CC”) referred to by Article 6 IPC above, Article 1102(1) CC provides that “each co-owner may use the asset jointly owned, provided that he/she does not alter its destination and does not prevent the other co-owners from making use of the same according to their rights as well.” Given that Article 1102 CC is meant to address the joint ownership of a tangible asset, which can be exploited by only one co-owner at a time, this provision does not seem to be particularly helpful to manage the controlled exploitation of a trademark, and more generally of an intangible asset, owned by more than one person; since intangible assets are in themselves capable of being simultaneously exploited by more than one person.¹⁴⁶

In this regard, legal scholars and commentary has not reached any common position. Some take the position that an exploitation of a trademark by more than one person at the same time is not possible, being in contrast with the trademarks’ function of indicating a specific entrepreneurial source, and therefore require that the use of a jointly owned mark by one of the co-owners be authorized by the other ones. On the other hand, others maintain that each co-owner may use the intangible asset jointly owned, provided that—as established under Article 1102(1), CC he/she does

¹⁴⁶ On this point, see: VANZETTI et al., *Codice della proprietà industriale*, 2013, comment to Article 6 IPC, page 73.

not alter its destination and does not prevent the other co-owners from making use of the same according to their rights as well.

Another set of issues concerns the conditions under which rights on intangible assets may be licensed to third parties¹⁴⁷ which is the point raised by the Italian Supreme Court in the case at hand. Article 1108(3), CC provides “it is required the consent of all the co-owners for . . . leases lasting for more than nine years.” Consistently with this provision, many take the view that the consent of all the co-owners would be necessary for trademark licenses lasting for more than nine years, while for shorter licenses the majority of the shares would be sufficient (in this last regard, it should be added that for some of them a simple majority would be sufficient; while for others a two-thirds majority would be necessary according to paragraphs 1 and 2 of Article 1108 CC for innovations directed to the improvement of the jointly owned asset and for acts exceeding the ordinary administration. Some other commentators have differing views depending on whether the license is exclusive or not.

The Italian Supreme Court addressed a case involving a jointly owned patent in the judgment of April 22, 2000, in *Ditta Ciemmeo S.r.l. v. Silmar Trento S.p.A.* (Case No. 5281). In this case, the Supreme Court pointed out that: i) pursuant to Article 1108(1) and (2), CC for a license to be granted it would be necessary to have the consent of a qualified majority of two-thirds of the relevant co-owners; and ii) also the use by one of the co-owners would require the consent of said qualified majority, on the basis that “a patent shall allow its owner to exploit the invention on an exclusive basis,” so “it would not be such if it were not fulfilling this specific purpose or if it were accepted that a co-owner can, by its use, deprive the others of their equal exclusive rights.

It is in light of the above debate and uncertainties—in which Italian authors and case law have not been able to develop a clear and binding view (particularly with regard to trademarks)—that the Supreme Court has decided to refer the case to the Court of Justice for a preliminary ruling on this issue. In particular, the Italian Supreme Court sought guidance as to whether “the immateriality and the function of origin of trademarks, which entail to their characterization as exclusive rights, would be such as to make it possible to consider a grant of a license to third parties fully equal to other contracts, such as a lease (lasting nine years or longer)”. The most controversial issue appears to be whether to rely on different rules depending on whether the trademark license would last nine years or longer according to the provisions set forth in connection with real estate leases.

¹⁴⁷ On this point, see: VANZETTI et al., *Codice della proprietà industriale*, 2013, comment to Article 6 IPC, pages 77-78).

In this regard, the Supreme Court stressed that “the grant of exclusive licenses to third parties can be considered as an act of disposal of the mark, since it affects the exclusivity of the right, which is typical of industrial property rights,” because “it alters . . . the destination of the asset and prevents the other co-owners [from] us[ing] it.” In light of this, the Supreme Court considered that “the grant of a trademark license [i.e., an exclusive license, (ed)] would be (in itself) always potentially detrimental to the exclusive rights of the single co-owners,” because “the relevant exploitation—whether direct or indirect—would be per se suitable to affect, in the same way, the exclusivity that the dissenting co-owners would be entitled to maintain intact.”

With regard to EU law, the most relevant provision with respect to the issue addressed by the Italian Supreme Court seems to be Article 19 EUTM Regulation, which provides that “. . . an EU trade mark as an object of property shall be dealt with in its entirety, and for the whole area of the Union, as a national trade mark registered in the Member State in which, according to the Register: a) the proprietor has his seat or his domicile on the relevant date; b) where point (a) does not apply, the proprietor has an establishment on the relevant date. 2. In cases which are not provided for by paragraph 1, the Member State referred to in that paragraph shall be the Member State in which the seat of the Office is situated. 3. If two or more persons are mentioned in the Register as joint proprietors, paragraph 1 shall apply to the joint proprietor first mentioned; failing this, it shall apply to the subsequent joint proprietors in the order in which they are mentioned. Where paragraph 1 does not apply to any of the joint proprietors, paragraph 2 shall apply.”

Therefore, with regard to the joint ownership of trademarks, the EUTM Regulation seems to make reference to the domestic law of the EU member States rather than a single definition. It will be interesting to see how the Court of Justice will handle the question posed by the Italian Supreme Court.

5. Benelux—Court of Appeal Brussels (Belgium)— Can *no res judicata* arise in the context of EUIPO decisions?

In its judgment of March 30, 2021, the Brussels Court of Appeal¹⁴⁸ considered an infringement action between the earlier EU figurative trademark **bet365** (EUTM No. 6574784) owned by the UK-based bet365 Group and the later Benelux trademark **bet333** used by the Belgian company Rocoluc for similar online and offline services in the gaming and gambling world.

¹⁴⁸ Brussels Court of Appeal, 8th ch., March 30, 2021 (*bet365 Group Ltd./Rocoluc SA*).

As a defense, Rocoluc entered a counterclaim against the validity of the EUTM. It alleged that the mark lacked any distinctive character and was descriptive, pursuant to Article 7(1)(b) and (c) of the 2017 EUTM Regulation.

The Brussels Court of Appeal ruled that the word “bet” was immediately understood by the part of the public that understands English as being descriptive for the services concerned. The element “365” would be immediately grasped as a reference to the number of days in a year and, consequently, to the uninterrupted period of time during which the gaming and gambling services offered would be made available. The Brussels Court of Appeal noted that, in previous proceedings before the General Court, the EUTM holder did not dispute that the word mark “bet365” was inherently descriptive.¹⁴⁹ In the present case, the combination of figurative elements was ordinary; the colors green, white, and yellow are basic and their use indicated nothing striking; the font was banal and standard; the geometric rectangular shape had no distinctive character since it was merely used as a decorative background. Consequently, the Brussels Court of Appeal found that the EUTM was descriptive and lacked distinctive character.

The EUTM owner tried, in vain, to rely on the decision of the EUIPO Board of Appeal, which found that the EU word mark “BET365” had acquired distinctive character through use for services in Class 41 in all EU Member States where it was initially deemed to lack such character, namely Cyprus, Denmark, Finland, Ireland, Malta, the Netherlands, Sweden, and the United Kingdom.¹⁵⁰ It referred to the evidence that it submitted before the EUIPO bodies. The Brussels Court of Appeal, however, ruled that this administrative decision of EUIPO had no *res judicata* and could not be binding on an EU trademark court that has to rule at the request of a different party (Article 128(2) of the EUTM Regulation). Since the evidence that was submitted before the EUIPO bodies was not part of the case file before the Brussels Court, this Court could not take it into account. In addition, the evidence related only to some EU countries, while the mark was actually descriptive in more EU countries. Acquired distinctiveness through use was refused, also because the mark was not used in countries, like Belgium and the Netherlands, where bet365 did not meet the regulatory requirements to offer its services. The Court declared the EUTM invalid and dismissed the infringement claim.

¹⁴⁹ Case T-304/16 (GC, December 14, 2017) EU:T:2017:912, bet365 Group Ltd. v. EUIPO—Hansen, para. 22. The discussion related to acquired distinctiveness through use.

¹⁵⁰ EUIPO BoA, December 2, 2019, R1625/2019-4, bet365 Group Ltd. (BET365). At that time, the United Kingdom was still a Member of the European Union.

6. UK—High Court—Can a claimant be liable for unjustified threats for enforcement of a mark filed in bad faith?

In *Fox Group International Ltd v. Teleta Pharma Limited*,¹⁵¹ the UK High Court considered the defendant's counterclaim for trademark revocation following the discontinuance of the claimant's action for trademark infringement. The High Court found that the claimant had applied for the trademark in bad faith and had made actionable unjustified threats against the defendant in its letter of claim accordingly.

On January 16, 2018, the claimant, Fox Group International Limited ("Fox"), applied to register the word "REVOLAX" as a UK trademark in Classes 3, 5, 10, 35, and 44 ("the UK Trademark"). The UK Trademark was registered on April 20, 2018, for Classes 3, 5, 35, and 44. Later that year, it came to Fox's attention that the defendant, Teleta Pharma Limited ("Teleta"), was selling REVOLAX-branded products in the UK, and Fox believed that these were infringing goods. Consequently, Fox, through its solicitors, sent a letter of claim to Teleta on November 26, 2018 (the "Letter of Claim"), and requested that Teleta provide undertakings.

Despite believing that it was selling legitimate branded REVOLAX products, on December 3, 2018, Teleta gave interim undertakings (without admission) and ceased selling REVOLAX while it investigated the matter further. Notwithstanding this, on December 7, 2018, Fox issued a claim against Teleta for trademark infringement and passing off.

Teleta filed a defense and counterclaim on January 15, 2019, seeking a declaration of invalidity of the UK Trademark on the ground of bad faith and for damages for unjustifiable threats. Teleta also sought an order for publication and/or dissemination of the judgment. In filing its counterclaim, Teleta argued that (a) Fox was aware that it had a lack of relevant rights to constitute registered proprietorship of the UK Trademark and (b) the terms of the distribution agreement between Fox and Across Co. Ltd ("Across") meant that the UK Trademark and the rights associated with it did not and would not belong to Fox.

Fox discontinued its claim for trademark infringement and passing off in February 2019, but Teleta maintained its counterclaim before the High Court.

¹⁵¹ [2021] EWHC 1714 (IPEC).

Issues before the High Court

There were three issues before the High Court, namely:

1. Whether the UK trademark was applied for in bad faith within the meaning of Section 3(6) of the Trade Marks Act 1994;
2. Whether the letter of claim was an unjustified threat of trademark infringement proceedings against Teleta under Section 21 of the TMA 1994, and whether, in relation to the letter of claim, Teleta was a person aggrieved;
3. Whether the alleged threats made in the letter of claim were not actionable within the meaning of Section 21A of the Trade Marks Act 1994 because they were made to a person who had done, and/or intended to do, an act mentioned in Section 21A(2)(b) of the Trade Marks Act 1994 in relation to goods and their packaging.

In relation to the first issue, Fox argued that despite the terms of the Distribution Agreement between Fox and Across, Across has consented to Fox applying for the UK Trademark. Fox sought to rely on two emails and several phone calls between Fox and an employee of Across. However, the judge noted that Fox had not relied on any evidence from Across that it had, at the time that the UK Trademark application was made, authorized or consented to that application and further, Fox had not provided Across with a copy of the UK Trademark application or asked TM Direct to send Across a copy.

In respect of the first issue, the judge concluded that Fox knew it was not the owner of the rights in REVOLAX and its intentions in applying for the mark were dishonest. Accordingly, the judge held that Fox undermined and intended to undermine the purposes of the system for registration of trademarks in the UK and sought to distort competition in the UK from third-party sellers seeking to benefit from the free movement of goods across the EU. The UK Trademark was declared invalid pursuant to Section 47(1) of the Trade Marks Act 1994 on the ground of bad faith.

In relation to the second issue, Fox did not seek to argue that the letter of claim did not contain unjustified threats nor that in relation to those threats Teleta was a person aggrieved. Consequently, the only remaining issue before the judge was the third issue, specifically whether the threats were not actionable because Teleta was an importer of branded REVOLAX products.

In relation to this issue, Teleta submitted that a different entity, BR Pharma, was at all relevant times the principal trading company within the Teleta group. BR Pharma would buy and import the products into the UK and then transfer the products to Teleta for onward sale to retail customers. Fox argued that, although all actions were carried out in BR Pharma's name, the person who was

responsible for importing the goods was Teleta and that BR Pharma was acting as Teleta's agent. On this point, the judge noted that Section 21A is not concerned with who caused the goods to be imported, but rather who is the importer of record. On hearing the evidence, the judge was satisfied that title passed to BR Pharma in Poland, and it remained with BR Pharma until those goods were in the UK and Teleta paid them for the costs of those goods and the expenses of importing them. The judge concluded that BR Pharma was the importer, not Teleta, and therefore the letter of claim contained actionable unjustified threats of trademark infringement proceedings against Teleta. The damages payable in respect of the actionable unjustified threats was to be determined at a quantum trial, if not agreed between the parties.

The judge commented that this case is a "cautionary tale to potential claimants" and this case should therefore serve as a reminder to potential claimants to not only check that the suspected goods are in fact infringing, rather than legitimately branded goods and also to check that it has the legitimate right to register the trademark it alleges has been infringed, before initiating proceedings or issuing a letter before claim. Failure to do so will likely result in adverse cost consequences for the claimant in having to defend a counterclaim.

7. Switzerland—Swiss Federal Administrative Court—Does a third party have the right to appeal the registration of a trademark based on absolute grounds for refusal?

In *Hispano Suiza Automobilmanufaktur AG v. Suiza Fabrica de Automoviles S.A.*,¹⁵² the Federal Administrative Court had to decide the procedural question of whether it is competent to examine appeals filed by third parties against trademark registrations on the basis of absolute grounds for refusal, that is, whether a third party has the right to appeal a decision to grant a trademark registration.

By way of background, the Swiss Trademark Office ("IPI") examines trademarks only with respect to formal requirements and the existence of *absolute* grounds for refusal, i.e., (1) signs that are in the public domain, except if they have acquired distinctiveness, (2) shapes that constitute the nature of the goods themselves or shapes of the goods or their packaging that are technically necessary, (3) misleading signs as well as (4) signs contrary to public policy, morality, or applicable law. The *relative* grounds for refusal, i.e. the existence of a likelihood of confusion with respect to prior registrations, are not examined in the registration procedure, but only in subsequent opposition proceedings. The registration

¹⁵² Case B-2608/2019 (Federal Administrative Court, August 25, 2021).

procedure is designed as a single-party procedure where no participation of third parties is intended. The question whether third parties can nonetheless appeal a registration decision of the IPI based on *absolute* grounds for refusal was answered for the first time in the *Hispano Suiza* judgment.

In November 2018, Hispano Suiza Automobilmanufaktur AG (the “appellant”) and Suiza Fabrica de Automoviles S.A. (the “respondent”) both filed identical word marks HISPANO SUIZA with the IPI for identical and similar goods in Class 12. The IPI provisionally rejected Hispano Suiza Automobilmanufaktur AG’s (the Appellant’s) trademark application, whereas Suiza Fabrica de Automoviles S.A (the Respondent’s) application, containing a restriction of the list of goods to Spain, was registered as a trademark (CH 729 825) in April 2019. Subsequently Hispano Suiza Automobilmanufaktur filed an appeal to the Federal Administrative Court and requested that the registration of the trademark CH 729 825 HISPANO SUIZA be cancelled. The respondent objected that the erroneous registration of a trademark cannot be corrected by way of an appeal to the Federal Administrative Court, but only by nullity proceedings commenced in civil courts.

In its judgment of August 25, 2021, the Federal Administrative Court considered that Swiss trademark law does not explicitly provide for a right of appeal of third parties against trademark registrations for absolute grounds for refusal. However, the Swiss Constitution guarantees everyone the right to have their case heard by a judicial authority, whereby the Federal Act on Administrative Procedure (“APA”) provides for a right to appeal administrative decisions, such as trademark examination rulings, to the Federal Administrative Court. The Federal Administrative Court considered that the possibility for a third party to have a trademark annulled by a civil court does not exclude that its initial registration could be challenged by a third party in an administrative appeal. Therefore, the Federal Administrative Court considered itself competent to examine third-party appeals against trademark registration decisions rendered by the IPI.

In the specific case the question remained whether Hispano Suiza Automobilmanufaktur AG was authorized to file an appeal. The general right of appeal in Switzerland requires cumulatively that the Appellant must be formally and materially adversely affected. Formally adversely affected is a person who took part in the proceedings before the lower instance or did not have the opportunity to do so. Because Hispano Suiza Automobilmanufaktur AG did not have the opportunity to take part in the trademark registration procedure it was considered to be formally adversely affected. The Federal Administrative Court thus had to assess

whether Hispano Suiza Automobilmanufaktur AG was also materially adversely affected under the APA.

Pursuant to the established case law of the Federal Supreme Court “any practical or legal interest” is worthy of protection, provided that the appellant is “more affected by the contested decision than anyone else” and has “a special, noteworthy, close relationship to the matter in dispute.” On the basis of objective criteria, the appellant must prove that its interest is clearly distinct from that of other persons. In addition to this specific closeness of relationship, the appellant must derive a practical benefit from a possible annulment or amendment of the contested order, i.e., his situation must be affected in a relevant way by the outcome of the proceedings. A merely indirect or general public interest does not justify an appeal. For competitors to have the right to appeal, there must be a specific, qualified closeness of relationship, such as that created by a special economic administrative licensing or contingency order. In addition, a competitor is entitled to file a complaint if he invokes the prohibition of unequal treatment and claims that his competitors are treated in a privileged manner. In doing so, however, it must be explained in what way the enacting authority treats the appellant unequally in comparison to the competitors. In contrast, a mere interest in the correct application and enforcement of objective law compared with other competitors does not justify the right to appeal, even if the allegedly unlawful approval of new products could lead to a decline in sales.

In the case at hand the Appellant had argued that it had used the sign HISPANO SUIZA in its company name for more than ten years, it had a large number of foreign trademark applications containing these elements and it intended to sell vehicles under the name HISPANO SUIZA in Switzerland in the future. Nevertheless, the Appellant was not able to prove that it had used the sign in question in the course of trade. In this context, the alleged intention to sell vehicles under the contested trademark in the future had little weight, particularly since an imminent entry into the market was neither alleged nor proven. While a competitive relationship with the respondent had indeed been established, this was not sufficient to find a material adverse effect. In this respect the Federal Administrative Court particularly considered that the appellant lacked a specific, qualified relationship with regard to the designations of origin “*hispano*” and “*suiza*.” The Federal Administrative Court emphasized that a third-party appeal cannot simply serve to protect the market players from being exposed to increased competition, which is an outflow of the constitutional right of free competition.

The appellant further claimed that the lower instance had treated the respondent’s application for trademark registration in a privileged manner and that the registration of the respondent’s

trademark constituted unequal treatment. The Federal Administrative Court considered that while it was true that the lower instance registered the respondent's identical trademark, this was not done, as the appellant claimed, with the simultaneous rejection of its own trademark application, which was still pending. The IPI had first objected to both trademark registrations, because it considered the signs to be in the public domain and misleading based on Article 2 (a) and (c) of the TmPA, since the signs with the elements "hispano" and "Suiza" contained two contradictory indications of origin. While the respondent requested an accelerated examination and immediately paid the required express fee, the appellant requested an extension of the time limit. The fact that the respondent made better use of procedural possibilities and pressed for a quick resolution of the proceedings did not constitute unequal treatment or privileged treatment of the respondent. The same possibilities would have been open to the appellant. The respondent also immediately agreed to the proposed restriction to goods of Spanish origin in order to eliminate the continuing risk of confusion with regard to the element "hispano," whereupon its mark was registered.

Finally, the Federal Administrative Court considered that even if the appeal were upheld and the registration of the respondent's trademark were revoked, the appellant would not be released from the burden to show that the geographical meaning of its trademark application had been overcome, since this would not change the meaning of the sign HISPANO SUIZA, which the lower instance considered to be misleading and in the public domain. Accordingly, the Federal Administrative Court stated that the appellant had to assert legal arguments regarding the understanding of the claimed sign not within such third-party appeal proceedings, but within the scope of its own trademark registration proceedings before the lower instance. Should the appellant's trademark application be definitively rejected, the appellant would have the right to appeal such decision to the Federal Administrative Court.

The Federal Administrative Court concluded that in the absence of unequal treatment or unjustified privileged treatment of the respondent by the lower instance, the appellant was not materially adversely affected. Hispano Suiza Automobilmanufaktur's appeal directed against the trademark registration of its competitor was therefore inadmissible.

IX. GLOSSARY

- CJEU:** The Court of Justice of the European Union, which refers to itself simply as “the Court of Justice” and is also often referred to as the “ECJ” or “European Court of Justice.”
- COA:** Court of Appeal.
- EEA:** European Economic Area.
- EUIPO:** The European Union Intellectual Property Office, being the office that handles EU trademark applications, oppositions, and cancellation actions. It was previously called (in its English language version) the “Office for Harmonization in the Internal Market” or “OHIM.” (The name was changed with effect from March 23, 2016.)
- EUTM or EU trademark:** A registered trademark obtained by means of the EU’s centralized procedure (i.e., by application to the EUIPO), which provides rights throughout the entire area of the European Union. (Note that the name was changed from “Community Trademark” (“CTM”) to “EU Trademark” (“EUTM”) with effect from March 23, 2016.)
- EU General Court (GC):** 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 which reflects the amendments made by Regulation (EC) 2015/2424 to the 2009 EUTM Regulation.

Note: European trademark laws and European lawyers use the term “trade mark” rather than “trademark.” However, references in this issue have been changed to “trademark” where appropriate to conform to the norms of *The Trademark Reporter*. Statutory references or direct quotes remain in the EU form.

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