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Trade marks: protected designations of origin

Summary

The European Court of Justice (ECJ) has refused to make a declaration of invalidity of a mark for whisky, which was based on earlier rights in protected designations of origin (PDOs) for port wine, and held that national law was irrelevant.

Background

In the EU it is possible to register PDOs for agricultural products and foodstuffs under Council Regulation (510/2006/EC) (2006 Regulation), and for alcoholic drinks under Council Regulation (1234/2007/EC) (2007 Regulation).

Direct or indirect commercial use of a protected name is prohibited if it exploits the reputation of a designation of origin or a geographical indication (*Article 118m(2)(a)(ii), 2007 Regulation*) (*Article 118m(2)(b)*). Article 118m(2)(b) protects PDOs against any misuse, imitation or evocation.

In *Budějovický Budvar*, the ECJ held that protection under the PDO Regulation was exhaustive, and so precluded the application of a system of protection between two EU member states (*C-478/07*).

An EU trade mark (EUTM) shall be declared invalid if there are earlier rights in a sign that fall within the scope of Article 8(4) of that Regulation (*Article 53(1)(c), EU Trade Mark Regulation (207/2009/EC)*) (*Article 53(1)(c)*).

Facts

A Scottish company, B, registered PORT CHARLOTTE as an EUTM for whisky. A Portuguese body, IV, sought a declaration of invalidity of the EUTM on the basis of PDOs for "port" and "porto" that were protected under Portuguese law and the 2007 Regulation.

The EU Intellectual Property Office (EUIPO) rejected the invalidity claim. IV appealed.

The General Court of the EU dismissed the appeal. It also held that, for the purpose of invalidity claims, Article 53 permitted rights in a PDO to be supplemented by additional protection granted under national law.

The EUIPO appealed, arguing that the General Court's interpretation contravened Article 53(1)(c). IV continued with its invalidity claim and cross-appealed.

Decision

The ECJ upheld the EUIPO's appeal and dismissed IV's cross-appeal. It rejected the invalidity claim.

The General Court was correct to apply *Budvar* even though the present proceedings related to a different system of protection under the 2007 Regulation, than *Budvar*, which related to the 2006 Regulation. The

two systems of protection were essentially the same in nature, having the same objectives and characteristics. As *Budvar* applied, any Portuguese law that might have offered additional protection to IV's PDO was irrelevant.

The 2007 Regulation would not cover a mere indication of geographical provenance, that is, a name which made no direct link between geographical origin and a specific quality, reputation or other characteristic, and so would not prevent national law from applying to that indication. However, the "port" and "porto" PDOs clearly fell within the 2007 Regulation, so that the General Court's remarks on the potential applicability of other systems of protection had been incorrect here.

On the question of whether PORT CHARLOTTE evoked or used either of IV's PDOs, the ECJ agreed that the General Court had wrongly assessed the meaning of "port" because it did not consider that in Portuguese it referred to port wine rather than to a harbour, and therefore evoked the subject matter of IV's PDO for whisky. However, the General Court's conclusion that the average consumer in the EU would understand PORT CHARLOTTE as designating a harbour named after a person called Charlotte was a factual finding and had to stand, in the absence of any distortion of the evidence. The General Court had correctly applied Article 118m(2)(b) so as to find that those consumers would not perceive either of IV's PDOs in the mark PORT CHARLOTTE.

On the question of evocation, the General Court had correctly applied relevant case law relating to the 2006 Regulation. Its findings were factual ones and could not be revisited.

As the ECJ ruled that national law was not applicable, all IV's claims failed.

Comment

This decision illustrates the principle established in *Budvar* that EU systems for the protection of PDOs are based entirely on the relevant EU Regulations and that it is not open to member states to provide additional protection for PDOs outside this system.

Case: EUIPO v Instituto dos Vinhos do Douro e do Porto IP C-56/16P.

Trade marks: EU collective marks referring to geographical origin

Summary

The European Court of Justice (ECJ) has held that the essential function of an EU collective mark is not to distinguish goods according to their geographical origin but according to their commercial origin.

Background

The Protection of Geographical Indications and Designations of Origin Regulation (510/2006/EC) (2006 Regulation) relates to agricultural products and foodstuffs from a defined geographical area. If there is a link between the characteristics of certain products and their geographical origin, they may qualify for either a protected geographical indication (PGI) or a protected designation of origin (PDO).

An EU collective mark is a specific kind of EU trade mark available to trade bodies or associations which, under Article 74(1) EU Trade Marks Regulation (207/2009/EC) (EUTM Regulation), is described as such when the mark is applied for and is capable of distinguishing the goods or services of the members of the association which is the proprietor of the mark from those of other undertakings.

Article 8 of the EUTM Regulation (Article 8) sets out the following relative grounds on which a trade mark registration may be refused:

- The sign being applied for is identical to an earlier trade mark registered for identical goods or services.
- The sign is similar to an earlier trade mark registered for identical or similar goods or services and there is a likelihood of confusion with the earlier mark.
- The sign is identical with an earlier trade mark registered for similar goods or services and there is a likelihood of confusion with the earlier mark.
- The sign is identical with or similar to an earlier trade mark and the earlier mark has a reputation in the EU and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark.

Facts

D applied to register EUTMs incorporating the word "Darjeeling".

T opposed the registrations on the basis of its earlier EU collective mark DARJEELING for tea and figurative marks incorporating the word "Darjeeling" for clothing. T argued that there was a likelihood of confusion under Article 8(1)(b) as the word "darjeeling" was a protected geographical indication for tea and had also been registered as an EU collective mark. T also argued that there was a risk of an unfair advantage under Article 8(5) in relation to the mark for clothing.

The General Court of the EU refused the applications. It held that there was no likelihood of confusion, particularly due to the lack of similarity between the goods and services. The EU collective mark "darjeeling" had the same essential function as individual EUTMs: to distinguish goods or services according to the specific body from which they originated and not according to their geographical origin. However, the risk of an unfair advantage could not be ruled out in respect of lingerie and clothing as the proposed marks were capable of benefiting from the positive qualities of the earlier marks, specifically the image of sophistication or exotic sensuality conveyed by the word "darjeeling". D appealed and T cross-appealed.

Decision

The ECJ dismissed the appeals and cross-appeal. The General Court had been right to hold that the essential function of an EU collective mark was to distinguish the commercial origin of the goods or services of the members of the association that was the proprietor of the trade mark from those of other undertakings, and not to distinguish those goods according to their geographical origin. So it had been right to hold that, in the application of Article 8(1)(b), where the signs were, on the one hand, collective marks and, on the other hand,

individual marks, the possibility that the public might believe that the goods and services covered by the signs had the same geographical origin could not constitute a relevant criterion for establishing their identity or similarity.

On the cross-appeal, the ECJ held that in the context of dilution under Article 8(5), the General Court was not inconsistent when it held on the one hand that the average consumer of the product covered by the earlier trade marks (tea) would not be led to believe that the goods and services covered by the trade marks applied for originated from the Darjeeling region, while considering on the other hand that the average consumer of the goods and services covered by the later trade marks applied for (lingerie and clothing) could be attracted by the values and positive qualities connected with the region.

Comment

This decision clarifies the differences between geographical indications registered under the 2006 Regulation, and word marks which designate a geographical origin, and the approach to be taken when an opposition is based on an earlier collective mark that refers to geographical origin.

From mid-January 2019 at the latest for national trade mark applications there will be a new ground of refusal based on the fact that there is an earlier conflicting PGI or PDO. This ground of opposition can already be raised against EUTM applications under a new provision, Article 8(6), which came into force in March 2016.

Case: The Tea Board v EUIPO C-673/15 P to C-676/15 P (four joint appeals).

Community registered designs: jurisdiction

Summary

The European Court of Justice (ECJ) has considered issues of jurisdiction and the defence of citation in relation to the infringement of registered Community designs.

Background

Where there are several defendants, each may be sued in the courts of the EU member state where any one of them is domiciled, provided the claims are so closely connected that it is expedient to hear them together to avoid the risk of irreconcilable judgments resulting from separate proceedings (*Article 6(1), Brussels Regulation (44/2001/EC)*) (Article 6(1)).

Proceedings relating to the infringement and validity of Community-registered designs fall primarily within the international jurisdiction of the courts of the member state in which the defendant is domiciled or has an establishment (*Article 82(1), Community Designs Regulation (6/2002/EC)*) (2002 Regulation) (Article 82(1)).

A Community design court whose jurisdiction is based on Article 82(1) shall have jurisdiction in respect of acts of infringement committed or threatened within the territory of any of the member states (*Article 83(1), 2002 Regulation*).

In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, if not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed (*Article 8(2), Rome II Regulation on the Law Applicable to Non-Contractual Obligations (864/2007/EC)*) (Article 8(2)).

Article 20 of the 2002 Regulation provides a defence to infringement of a Community design in respect of an act of reproduction for the purpose of making citations.

Facts

N owned registered Community designs for Wii console accessories. A French company, B, made video game accessories compatible with the Wii console and sold them via its website to consumers in France, Belgium and Luxembourg, and to its German subsidiary, BG. BG sold the goods made by B via its website to consumers in Germany and Austria. BG did not stock any goods but forwarded orders to B. So the supply of the allegedly infringing goods was carried out from France. N brought infringement proceedings against B and BG.

The German court held that it had jurisdiction over both companies, and that B and BG had infringed N's designs, but dismissed the claim in relation to B's use of images of N's goods in its web advertising. The court ordered EU-wide injunctions against B and BGN and B both appealed. B argued that the German court lacked jurisdiction to grant a pan-European injunction against it. N argued the injunction should not be limited to goods in the supply chain between B and BG, and should also extend to the website images corresponding to its designs. The court stayed the proceedings and referred questions on jurisdiction and citation to the ECJ.

Decision

The ECJ held that where a seller is sued for Community design infringement in one member state, and a manufacturer based elsewhere is a co-defendant, Article 82(1) applies to the seller and Article 6(1) applies to the manufacturer, so that the national court would have jurisdiction in relation to both of them.

The Community registered design has unitary character in the EU. Where companies in the same group act in an identical or similar manner in accordance with a common policy, as here, this should be regarded as the same situation of fact. So there was sufficient connection for Article 6(1) to apply. Therefore, the territorial jurisdiction of the German court extended throughout the EU in respect of a defendant, such as B, which is

domiciled in another member state in respect of acts of infringement committed or threatened in that or any other member state (*Article 83(1); Article 82(1)*).

Remedies such as the provision of information, accounts and documents, damages and legal costs, destruction and recall of goods, and publication of judgments, if available under the national law of a member state with jurisdiction, could also extend to the whole of the EU.

When a person lawfully sells goods for use with goods embodying a Community design, and reproduces images of that design in order to explain or demonstrate the joint use of the goods it sells, this falls within the concept of citation if the reproduction:

- Is compatible with fair trade practice in that it does not give the impression of a commercial connection, infringe the design itself, or take unfair advantage of the commercial repute of the design holder.
- Does not cause undue prejudice to the normal exploitation of the design or adversely affect the economic interests of the design holder.
- Mentions the source of the design.

When infringement is committed using a website outside the court's jurisdiction, under Article 8(2), the country in which the act of infringement was committed is the country where the event giving rise to the damage occurred. Where B offered goods for sale via a website accessible to consumers in more than one member state, the place of the event giving rise to the damage was the place where the website operator activated the process of putting the offer for sale online.

Where the same defendant is accused of various acts of infringement in various member states, the court should make an overall assessment of that defendant's conduct in order to determine the place where the initial act of infringement at the origin of that conduct was committed or threatened. Where B used a shipping agent to take goods to another member state, the court would have to apply the overall assessment test to determine where the initial act of infringement at the origin of that conduct was committed or threatened.

Comment

This decision has confirmed, in the context of registered Community designs, that the national court of one member state can grant orders relating to a defendant outside that member state, covering conduct going beyond the supply chain and extending to the whole of the EU. Supplementary remedies under national laws not stemming from the 2002 Regulation can also form part of an EU-wide order. The ruling on the appropriate place for proceedings relating to reproduction of designs on multi-jurisdictional websites is also helpful to proprietors of Community designs.

The decision also clarifies that the citation defence under the 2002 Regulation should include the advertising of compatible products. Proceedings relating to citation of a registered design are likely also to include claims for trade mark infringement if the defendant has used the name or logo of the product for which its spare part or accessory is designed. It will be helpful that the test of what is fair trade practice is similar to the test of honest practices in industrial or commercial matters under the EU Trade Mark Regulation (207/2009/EC).

Case: Nintendo Co Ltd v BigBen Interactive GmbH and another C-25/16.



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