

# Trade Mark Round Up

S/S 2024 edition of UK and EU cases



## Editor's note

This edition of our Trade Mark Round Up appears to have somewhat of a majestic thread running through it. We cover cases of confusion between 'Royal' alcohol beverage brands and royalty in the sports world with 7-time F1 world champion Lewis Hamilton being defeated by a luxury watch brand. Arguably the king of all cheeses, Halloumi, gets a grilling at the General Court and Lifestyle Equities takes on Amazon in respect of its "sport of kings" Beverly Hills Polo Club brand. We hope you enjoy the read.



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## Contents

Editor's note	1
Distinctiveness	3
3D marks and distinctiveness	7
Shape Marks	9
Likelihood of confusion	11
Bad Faith	16
Validity	18
Genuine Use	21
Acquiescence	24
Protected designations of origin (PDO)	26
Criminal enforcement	28
Transfers	29
Licences	31
Jurisdiction	33
Damages	35
Trade Mark Infringement and Passing Off	37
Infringement	40
Contributors	42



## Distinctiveness

### Dr. Ing. h.c. F. Porsche Aktiengesellschaft v EUIPO (R1900/2023-5)

The Operations Department of the EUIPO recently held that the sound of an engine is not distinctive, and it therefore cannot be registered as an EU trade mark. Dr. Ing. H.c.F. Porsche Aktiengesellschaft (“Porsche”) applied to register an electronically generated accelerating engine noise as an EU trade mark and this case provides an insight into the required threshold of distinctiveness for non-traditional marks, such as sounds.

#### **Background**

In November 2022, Porsche applied to register the sound of an accelerating car engine as an EU trade mark. Porsche applied for this sound mark in classes 9, 12, 28 and 42 for a range of goods and services such as vehicles, model vehicles, digital goods and virtual goods for use in virtual environments.

However, the EUIPO Operations Department rejected the application on the basis of a lack of distinctiveness, in accordance with Article 7(1)(b) EU Trade Mark Regulation (EUTMR). For a mark to have distinctive character, it must be capable of identifying goods and services as originating from one undertaking and to be capable of distinguishing those goods and services from those of another undertaking. Sound marks are capable of having distinctive character and as being registered trade marks in accordance with EU law as a non-traditional mark. However, in this instance, it was held that Porsche’s applied for engine sound was short and simple and would therefore not be perceived by consumers as an indication of origin.

#### **Arguments of Porsche and the EUIPO**

Porsche’s arguments in response to the objection centred around the fact the engine sound was electronically generated, as opposed to it being a real engine noise. They argued that it was melodic and futuristic and that it therefore carried at least a minimal degree of distinctiveness. Porsche furthered their argument by stating that the requirements for assessing whether there is a degree of distinctiveness in the mark should not become more onerous merely because the mark is a non-traditional trade mark.

Porsche also noted examples of other sounds, such as that of lightsabres in the film series *Star Wars* or of the KIIT Scanner in the TV show *Knight Rider*, as recognisable sounds capable of identifying specific commercial origins. They also used these examples to evidence how the average consumer is accustomed to perceiving sounds as an indication of origin.

Even though only a minimum degree of distinctiveness is required for a mark to be registrable, the Operations Department upheld their decision that the engine sound was not capable of functioning as a trade mark. The Operations Department observed that, despite the fact that the sound was electronically generated, it still mimicked that of a real engine and it therefore lacked any conspicuous or memorable aspects such that it could be capable of identifying commercial origin.

Whilst the Operations Department did acknowledge that there is not a stricter threshold of distinctiveness to be applied to sound marks, they concluded that this particular sound mark is unlikely to be recognised by the average consumer as relating to Porsche. However, it was noted that the sound may acquire distinctiveness through use in the market or in advertising campaigns.

Following the rejection, Porsche have filed an appeal against this decision to the EUIPO Board of Appeal and a decision was issued on 21 June 2024 which is yet to be shown publicly.

#### **Comment**

This case provides an insight into the required threshold for a mark to be deemed to have distinctive character. Whilst the degree of distinctiveness that is required is minimal, this does not automatically mean that all applications will be accepted as having distinctive character. Further, this case also provides an indication to rightsholders as to which arguments may be successful before the EUIPO in attempts to overturn a decision. Merely stating that a minimal degree of distinctiveness is the threshold and that a mark should be accepted on this basis will not be sufficient. The applicant must evidence how their respective mark has a distinctive character, instead of merely relying on the low threshold. Porsche’s arguments regarding other third party marks have achieved registration did not have any relevance as to why consumers will identify their engine sound as having a specific commercial origin. Owners should be

ready to provide arguments specifically evidencing that their mark has a distinctive character, as opposed to highlighting other similar marks.

### **Colt CZ Group SE v EUIPO (R 275/203-4)**

The EUIPO Board of Appeal recently confirmed that Colt CZ Group SE's ("Colt") trade mark application for the figurative representation of a virtual firearm should be refused on the grounds that the mark lacked distinctive character.

#### **Background**

On 8 February 2022, Colt, a Czech registered company which has an American firearms manufacturing subsidiary, applied to register a figurative EU trade mark in classes 9, 35 and 41, in respect of virtual goods and services providing online virtual firearms for virtual use.



#### **EUIPO Decision**

The application was primarily rejected on the grounds that the mark did not satisfy the requirements under Article 7(1)(b) of the EUTMR, of having an intrinsic distinctive character.

The specific grounds of rejection that held the sign as devoid of any distinctive character were:

1. The application was for an expression of an object, being a virtual firearm which is a faithful image of a (virtual) automatic firearm, which does not depart significantly from how it can and is generally represented. This meant that the relevant consumer would perceive the sign as a normal figurative element, not conveying the commercial communication of the trade mark.
2. Due to the widespread use of virtual spaces (e.g. virtual gaming platforms and the metaverse), development in IT and use of online stores, it is likely that the people using goods and services in classes 9, 35 and 41 are those who do not have prior detailed knowledge of individual virtual weapons, meaning the

level of attention of the relevant consumer would be at an average to high level.

3. The fact that the relevant public is partly specialised cannot have a decisive influence on the legal criteria used to assess the distinctive character of a sign, nor does any prior use of the mark affect its registrability.

4. The sign is perfectly and immediately understandable/recognisable to the relevant public as an image of a virtual firearm and does not require any mental effort from the consumer, in particular with regard to the goods and services in question.

Following this finding, Colt appealed to the Boards of Appeal.

#### **Board of Appeal Decision**

Colt argued that the EUIPO did not take into account the specificities of its specific application, and that the mark was an image of a weapon which deviated significantly from the normal representation of the firearm. Colt touched on various elements of the virtual firearm that made its unique appearance obvious to the relevant consumer, including the fact that it contained the word element 'CZ BREN 2', an assault rifle which should be distinguishable by consumers interested in weapons.

Colt also argued that despite the virtual world becoming increasingly popular, the goods and services applied for in their application are not as accessible as the EUIPO had suggested, and the relevant public to the mark would be those interested in virtual or real firearms.

The Board of Appeal specified that for the purposes of Article 7(1)(b) EUTMR, '*distinctive character*' means "that the trade mark applied for must serve to identify the goods or services for which registration is sought as originating from a particular undertaking and thus distinguishing the goods or services from those of other undertakings"<sup>1</sup>.

Looking at the relevant consumer, the Board held that within a landscape of changing consumer behaviour in a more tech focused world (and where virtual products and services are consumed in various ways) this meant that the relevant public will not only include virtual firearm enthusiasts who notice distinctiveness,

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<sup>1</sup> Taken from decisions in *Torches* (C-136/02) and *DAS PRINZIP DER BEQUEMLICHKEIT* (No 40/94).



but a wider group of general consumers with no specialist knowledge. The Board upheld the decision of the EUIPO and confirmed that it was correct in deciding that the level of attention of such consumers would be average to high.

Looking at the distinctive character of the mark, the Board found that in all classes applied for (9, 35 and 41), it was considered that the mark did not provide public consumers with any additional original information. This was especially so given that the wording of ‘CZ BREN 2’ on the firearm was held to be non-distinctive, miniature in size, and created no form of lasting impression of the mark. In terms of the visual representation, the mark did not include any noticeable elements that could attract the attention of a typical consumer or be remembered easily by the most observant consumers.

This left the Board to hold that *“the relevant public will perceive the sign as a simple and banal representation of the subject matter”*.

**Comment**

This decision highlights how the EUIPO and Board of Appeal consider distinctiveness in the virtual world. It proves as a practical example of how a unique product/service can exist, however a proposed form of its virtual counterpart can lose its distinctiveness by existing within a pool where consumers have a low level of expertise, in turn creating a less distinct product.

**[M & R Holding B.V. and Roos Abel v EUIPO \(R1255/2023-4 and R1266/2023-4\)](#)**

The Fourth Board of Appeal issued decisions in relation to EU trade mark applications for figurative marks depicting the images of two Dutch fashion models in Classes 35 and 41, details of which are set out below. The main issue in the cases was whether the marks were capable of distinguishing the services of one undertaking from those of other undertakings.

The cases serve to provide some clarity in relation to the acceptance of EU trade mark applications for figurative marks depicting the image of a face, at least in relation to services in Classes 35 and 41.

**Background**

In October 2017, M & R Holding B.V. and Roos Abels Holding B.V. (“the Applicants”) applied to register images of Dutch fashion models Marlijn Hoek and Roos Abels at the EUIPO which were accorded numbers 17355066 and 17393125 respectively (“the Applications”).

The specifications of the Applications covered Class 35 for *“services of mannequins and photo models for publicity or sales promotion”* and Class 41 for *“model and mannequin services for leisure or recreational purposes”*.

EUTM No. 17355066	EUTM No. 17393125
	

**EUIPO Decision**

The EUIPO rejected the Applications on the basis of Article 7(1)(b) EUTMR claiming that the marks were devoid of any distinctive character in relation to the services.

The EUIPO held that the marks applied for did not indicate the commercial origin of the services in question but represented only the person providing the services. The EUIPO made a distinction between uniqueness and distinctiveness, namely that faces are unique representations, but there are no characteristic, nor commemorative or striking elements, which give the marks a minimum degree of distinctiveness so that they are immediately perceived as an indication of the commercial origin of the services.

**Board of Appeal Decision**

The Applicants appealed the decisions to the Board of Appeal. In particular, both Applicants claimed that a face is the element of the human body which enables

people to distinguish one human being from another and that as long as the marks applied for were recognisable and unique, they may serve as a sign of origin.

The Board highlighted that the principles underlying Article 7(1)(b) EUTMR coincided with the essential function of a trade mark, i.e. that consumers are able, without any possibility of confusion, to distinguish the goods or services in question from those of a different origin.

Case law from the Court of Justice states that although the criteria for assessing the distinctiveness of the different categories of trade marks are the same, the perception of the relevant public is not necessarily the same for each of those categories of mark, and assessing distinctiveness may be more difficult for certain categories. In these decisions, the Board held that the relevant public was the general and specialised public in the EU and that it was not more difficult to assess the distinctive character of the Applications.

The Board held that the marks applied for were of particular people, with unique faces and specific external features. Photographs of faces could identify and distinguish one person from another as well as first names and surnames. Therefore, the marks applied for were capable of carrying out the essential function of a trade mark because the relevant public would perceive the services in question as originating from the particular faces depicted in the photographs. This was contrary to the EUIPO's arguments in support of rejecting the Applications which included that the marks applied for would represent only the people providing the services and not the origin of the services.

The Board noted that the existence of identical twins and the like were exceptional circumstances.

The appeals were upheld and the Applications proceeded to publication and registration.

### Comment

There is no harmonised form of protection of image rights in the EU. Some EU Member State territories have more robust image rights than others, such as Italy, and there is no recognition of image rights in the UK. The Board of Appeal decisions mentioned four earlier decisions which concerned similar figurative marks depicting faces covering identical and similar services, so this category of trade mark is becoming increasingly popular.

The cases highlight that trade mark registration is an option for protection for images of faces in the EU. In general, enforcement of such trade marks may be difficult given that the trade mark proprietor would have to either show (i) a likelihood of confusion between the respective marks and the goods and services and/or (ii) goodwill/reputation in the mark in relation to the goods/services. It is likely that only famous people would be able to show goodwill/reputation in relation to this category of mark and could enforce their marks against a broader scope of goods and services.

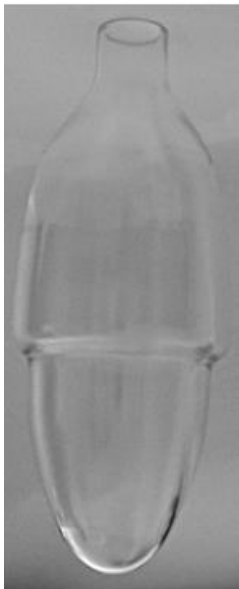
There is also the issue of providing sufficient proof of use after the five-year non-use period. The use would need to be use of the trade mark as registered or use in a way in which the distinctive character of the mark has not been altered. This raises questions such as: would the proprietor need to show the exact facial expression and pose in the mark as registered to constitute sufficient proof of use? Would changes to the appearance of the face in the image, e.g. changes to the colour or style of the hair, alter the distinctive character of the registered mark? Would this then require trade mark proprietors to file trade mark applications for a range of expressions, poses and faces as time progresses? It will be interesting to see how the law develops around whether such marks have 'face' value.



## 3D marks and distinctiveness

### Wajos GmbH v EUIPO (T-10/22)

Is form over function actually a good thing? According to the EUIPO, that may be the case when it comes to 3D trade marks. This well-known saying highlights the two absolute grounds of refusal for trade mark registration at play in Wajos GmbH's battle to register a bottle shape as a 3D EU trade mark.



#### The Shape

In 2015 Wajos GmbH (“Wajos”) applied for a shape mark (see above) covering the goods in classes 29, 30, 32 and 33. It may help the reader to set out how this shape would look/work as a bottle on a shelf. If you can visualise a plank of wood with wine bottle sized holes spread evenly along the length, and then into each of those holes you place the thinner pointed end of the Wajos bottle, the bulge around the middle stops the bottle from sliding all the way through. It works to store and display goods, and from a review of Wajos’ Instagram pages, it looks like this shape of bottle is mostly used to hold liquids even though the application covered a broad range of goods including sausages, and sour powders alongside consumable liquids.

#### Background

In June 2016 the sign was refused registration on the grounds of Article 7(1)(b) EUTMR that it lacked distinctive character. The EUIPO considered that,

given the goods and services applied for, the shape was not different enough to function as an indication of origin for the relevant public. Wajos appealed, and by a decision of the First Board of Appeal in February 2017, the board rejected the appeal.

Wajos appealed again and the General Court upheld Wajos’ appeal, stating, in October 2017, that the bottle was unusual. They did tease the next step of the journey by stating that “*although, as EUIPO finds, the bulge between the wider upper part and the narrower lower part is a characteristic which can be explained by technical and functional considerations, the fact remains that such a characteristic also confers aesthetic value on the mark applied for*”. But as the functionality of the shape was not explicitly in issue at the time, it was not assessed in depth.

#### Article 7(1)(e)(ii)

On reopening the proceedings, the Board of Appeal refused registration for the vast majority of goods and services on the grounds of Article 7(1)(e)(ii) - that signs consisting exclusively of the shape, or other characteristic of goods, which is necessary to obtain a technical result shall not be registerable. The operation of this ground is to prevent a trade mark proprietor from gaining a monopoly over technical solutions or the functional characteristics of a product. Unlike Article 7(1)(b), the perception of the average consumer is not a decisive element.

Wajos argued on appeal that the shape had an aesthetic appeal alongside being designed to achieve a specific function. The aesthetic appeal was such that the shape could be distinguished from other shapes present on the market for the products concerned. As a result, the shape is not a result of exclusive technical necessity.

The Board of Appeal disagreed. The public policy balance of Article 7(1)(e)(ii) is between allowing shapes to be registered that have some functional attribute (as many shape marks will do, e.g. footwear needs to be worn), and preventing granting a monopoly over a shape that would genuinely impede the use of a technical solution by other undertakings. The Board felt that the Wajos bottle fell on the wrong side of the scales.



## Essential and Necessary

The correct assessment for Article 7(1)(e)(ii) is for a competent authority to consider what the *essential* elements of a sign are, and then verify whether those elements are *necessary* to obtain a technical result.

One or more arbitrary elements of a shape where otherwise the *essential* elements are dictated by technical function will not bypass the ground of refusal. In contrast, if there was a major non-functional element, such as an ornamental or fanciful feature, the ground would not apply.

When considering if a particular shape is *necessary* to achieve a technical result, it will not matter that there are other shapes capable of achieving the same result.

Applying the test in this case, the essential elements were:

- ▶ a narrowed inlet and outlet neck;
- ▶ a domed main part which also narrows downwards; and
- ▶ a bulge which distinguishes the wider upper part of the container from the narrower lower part.

The Board of Appeal found that all of these features were directed towards a technical function for the goods in question. The neck had a regular shape that facilitates the pouring of contents and prevents leaks or spills when moving. The domed part enabled the storing of the goods. Finally, the bulge meant the bottle could be stored in a hole. While the bulge may be aesthetic, or unusual, (as was argued by Wajos) it was fundamentally designed as a technical function and therefore this aesthetic aspect did not matter. In a similar vein, it was not relevant that the sum of the essential parts may have combined to create an ornamental shape if each of those parts was necessary to achieve a technical result.

## Procedural Arguments

Wajos made procedural arguments about the process through which two different absolute grounds were assessed consecutively, rather than simultaneously. These arguments were not successful as the grounds apply independently: Article 7(1)(b) distinctive character vs Article 7(1)(e)(ii) technical function.

The assessments are completely different and can be raised separately. Because the General Court annulled a decision based on one ground, the Board of Appeal may still consider whether any other ground applies in the reopened proceedings. This outcome is slightly at odds to the EUIPO guidelines that state for “the sake of sound administration and economy of proceedings the Office will raise any objections to registration of the sign under [Article 7\(1\) EUTMR](#) simultaneously in one communication.”<sup>2</sup>

## Comment

This is a frustrating case for potential shape mark proprietors. Although it forms a new chain in the long list of judgments demonstrating how difficult it is to have a valid shape mark registration, procedurally, this case was painful. It shows that an assessment on one ground of refusal can go all the way to the General Court which overturns a decision, just to fail for a different ground of a refusal raised subsequently.

Unfortunately, the technical function ground of rejection cannot be overcome by the mark having acquired distinctiveness, which is often a powerful route to registration of shape marks. Therefore, as a practical point, it is helpful to consider what the essential elements of your prospective shape mark are and if any of these are arguably ornamental (e.g. a word or figurative element) rather than directed towards a function to potentially avoid a refusal under Article 7(1)(e)(ii).

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<https://guidelines.euipo.europa.eu/2214311/2226716/trade-mark-guidelines/1-general-remarks>

## Shape Marks

### [Apart sp. z.o.o. v EUIPO \(T-591/21\)](#)

In invalidity proceedings in *Apart sp. z.o.o. v EUIPO*, the General Court considered the distinctive character of a figurative mark which, with some mental effort, could be perceived as a silhouette or representation of a teddy bear in relation to jewellery. In dismissing the invalidity action, the Court addressed both the question of distinctiveness and the issue of exclusion from protection for signs which consist exclusively of the shape of the goods.

#### **Background**

In 2009 S. Tous, SL (“Tous”) a Spanish jewellery and fashion retailer applied for trade mark registration in the EU for the following figurative sign for goods in classes 14 (including jewellery), 18 and 25:



The mark was registered in 2010, and in 2017 *Apart sp. z o.o.* (“*Apart*”) sought a declaration of invalidity in respect of jewellery in class 14. The Cancellation Division of the EUIPO rejected the invalidity application, and the Board of Appeal also dismissed an appeal brought by *Apart*. *Apart* then appealed to the General Court seeking a declaration that the contested mark was invalid, including:

- ▶ the Board of Appeal was wrong to find that the mark had distinctive character, and
- ▶ that the contested mark consisted exclusively of the shape or another characteristic of the goods which gives substantial value to the goods and should therefore not have been registered.

#### **General Court Decision**

##### Distinctiveness

*Apart* submitted that the shape of the mark was a teddy bear, which did not differ from the norms of the jewellery market sector and that it did not contain any element capable of distinguishing it from that of goods

originating from other undertakings on the market. The General Court accepted that jewellery may take the shape of the contested mark, and that while the criteria for assessing the distinctive character of marks consisting of the shape of the product itself are no different from those applicable to other categories of trade mark, an average consumer is not in the habit of making assumptions about the origin of products on the basis of their shape. It can therefore be more difficult to establish distinctiveness in relation to a three-dimensional or two-dimensional shape mark than in relation to a word or figurative mark. The more closely a shape mark resembles the shape most likely taken by the product in question, the more likely that the mark will be devoid of distinctive character.

The General Court held that the fact that items of jewellery *may* take the shape of a teddy bear is not in itself sufficient to establish that the contested mark consisted of a two-dimensional representation of the shape of the goods at issue. This would preclude any other use of the sign as a figurative mark, such as use by the trade mark owner on packaging, labels or other advertising materials, as an indicator of the origins of the goods. The General Court concluded that the Board of Appeal had therefore erred in finding that the mark consisted of a two-dimensional representation of the goods in question. Despite this, the General Court held this would not justify the annulment of the Board of Appeal’s decision, because the General Court found that the mark did have distinctive character. In considering this, the General Court noted that while the mark could be interpreted as representing the outline of a teddy bear, the sign was merely evocative of the silhouette of a teddy bear and would not necessarily be perceived in that way by all consumers, as associating the outline of the figure with a teddy bear required some imagination or fantasy.

##### Shape Exclusions

*Apart* argued that the contested mark served an aesthetic function and should not have been registered under the exclusion from protection for marks which consist exclusively of the shape or another characteristic of the goods which gives substantial value to the goods. The Board of Appeal noted that the fact that the shape of the contested mark may be pleasing or attractive is not sufficient to exclude it from registration under this exclusion. The General Court noted that the goods covered by the contested mark

could take the form of rings, necklaces or earrings and which are likely to bear the sign, but not to necessarily take the shape of the mark. As a result, the contested mark consisted of a sign unrelated to the appearance of jewellery and was not a sign which consists exclusively of the shape of those goods and was not excluded from protection.



Apart subsequently sought to appeal the General Court's decision to the Court of Justice, including in relation to the scope of the shape exclusion, however the Court of Justice did not grant permission for an appeal.

#### **Comment**

This case provides further guidance on assessing the distinctiveness of figurative marks which could be interpreted as representing the shape of the relevant goods. It also provides useful guidance on the scope of the shape exclusion for signs which consist exclusively of the shape of the goods, and which give the goods substantial value. The approach of the General Court may make it easier for brand owners to show that stylised or evocative representations of the shape of their goods may be sufficiently distinctive for trade mark protection.





## Likelihood of confusion

### Ui-Phoenix Kerbl v Royal Unibrew A/S<sup>3</sup>

An application in the EU for SUSSEX ROYAL was the subject of a recent 'royal rumble'. Interestingly, the Applicant for the mark in question achieved registration in 2021 for the mark M E G H A N M A R K L E which was opposed by the Duchess of Sussex and subsequently withdrawn.

#### Background

An application for SUSSEX ROYAL was filed on 9 January 2020 by the Ui Phoenix (the "Applicant") for goods which included:

Class 32: Beer and brewery products; soft drinks.

Class 33: Alcoholic beverages (except beer).

On 21 July 2020, Royal Unibrew A/S (the 'Opponent') filed an opposition against the application. The grounds relied upon were Article 8(1)(b) and 8(5). The earlier marks relied upon were ROYAL and ROYAL UNIBREW registered for "beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages" in Class 32.

The Opposition Division upheld the opposition and rejected the application on the basis that it found a likelihood of confusion between the SUSSEX ROYAL mark and the earlier marks. The Opposition Division stated that the goods could be considered identical or similar, they were directed at the public which had an average degree of attention, and that the term ROYAL is evocative of luxury and indicates positive characteristics. It was also found that the word SUSSEX is weakly distinctive for the relevant goods and refers to the well-known southern region of England, and that the noun ROYAL in SUSSEX ROYAL was found to be the most memorable part of the mark. On this basis the marks were found to be visually and aurally similar to an above average degree. Considering these factors, the Opposition Division found there was a likelihood of confusion amongst the English-speaking public of European Union i.e. in Ireland and Malta.

#### Board of Appeal Decision

Following the decision, the Applicant filed an appeal. The opponent requested that an appeal should be dismissed. However, the case was transferred to the Fourth Board of Appeal for consideration.

The Applicant raised a number of arguments to discount the likelihood of confusion finding. These included that the average consumer would consider the word ROYAL to allude to luxury, and the monarchy, and so the word ROYAL has low distinctive character, and the word SUSSEX is the distinctive part of the mark, that consumers pay more attention to the beginning of the mark, and SUSSEX is the first and dominant element. The Applicant also submitted that word marks do not have dominant or more visually striking elements because they are written in a standard typeface and that there the earlier marks were not registered in class 33 and so the application cannot be rejected if the Opponent does not have protection in this class.

The Board of Appeal first looked at Article 8(1)(b), and how it applied to the matter. The Article states that *"upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered if, because of its identity with or similarity to, an earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion"*. It also considered that likelihood of confusion includes likelihood of association. The likelihood of confusion is the risk that the public may believe that the goods or services come from the same business or from economically linked businesses. Factors to consider when assessing the likelihood of confusion include the similarity between the sign, the strength of the mark's reputation and distinctive character.

The Board then compared the goods in question. When assessing goods and services, their nature, intended purpose, and method of use and whether they are in competition with one another or complementary, are kept in mind. Article 33(7) outlines that goods and services are not similar just because they appear in the same class, and they are not regarded as dissimilar if they appear in different classes. The Board concluded that "beers" and

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<sup>3</sup> R 1729/2022-4, 19 December 2023



“alcoholic beverages (except beer)” are considered similar to a high degree because they are close in nature, are consumed in similar circumstances for a common motive, they are in competition with one another, and they share the same distribution channels.

On a comparison of the marks, the Board suggested that the word ROYAL is an ordinary term which evokes monarchy, luxury, and magnificence, and so the term has a very low distinctive character. It further suggested that the word SUSSEX merely refers to an area of Southern-England. However, it also suggested that the term SUSSEX ROYAL would be perceived as a unit and would refer to the “Royals of Sussex”, specifically the Duke and Duchess of Sussex (Prince Harry and Meghan Markle). The public in Ireland and Malta are likely to come to this conclusion at least, as they have cultural ties to the British monarchy. The amount of press coverage received by the Duke and Duchess across the EU will also amount to a large section of the population understanding the term SUSSEX ROYAL to be referring to them. Therefore, the distinctiveness of the mark as a whole is average in relation to the relevant goods.

It concluded that the word ROYAL alone is of minimal distinctive character, and the word SUSSEX alone is also low (although the word SUSSEX at the beginning of the mark changes the overall impression it creates as it is at the start of the mark where the attention of the public is mostly usually focussed). Whilst the element ROYAL was included wholly, the marks have varying lengths and rhythms of pronunciation. Keeping this in mind, the Board considered the marks are similar to a low degree.

The Board also considered case law outlining that a low degree of similarity between the goods and or services may be offset by a high degree of similarity between the signs and vice versa. The more distinctive a mark, the greater the likelihood of confusion, and so marks with high distinctive character enjoy broader protection than marks with lower distinctive character. Conversely, where the signs overlap in a descriptive or non-distinctive element, it is less likely to be considered that a likelihood of confusion exists. The Board considered that excessive protection of weak marks that are devoid of distinctiveness could

adversely affect the objectives set out by trade mark law.

Although in this case, the goods are similar and identical, it was found that a low degree of similarity between the signs, along with the weak distinctiveness of the earlier marks, ruled out the possibility that the general public would think the goods come from the same business or linked businesses. For the part of the public that understands the sign to be referring to the Duke and Duchess of Sussex, no likelihood of confusion exists, and for the part of the public that do not see the mark as a unit, there is a coincidence in an allusion to luxury which is outweighed by the verbal element SUSSEX, and there is thus no likelihood of confusion.

The Opponent claimed that the mark would be seen as a sub brand to ROYAL, but the Board held that if the similarity resides only in the part of the mark which has a minimal degree of distinctiveness, there is less of a chance of an association. The marks would need to overlap in a distinctive element to find a likelihood of confusion.

Ultimately, the Board found that the Opposition Division incorrectly upheld the opposition on the basis that the marks were similar, and it found there is no likelihood of confusion. The appeal was upheld, and the contested decision was annulled. The case was referred to the Opposition Division for further examination. At the time of writing, the application remains opposed.

### **Comment**

This particular decision serves as a reminder to owners of marks which are less distinctive to take a step back and consider if there are any elements of a third party’s mark which may be considered more distinctive.

### **44IP Limited v Hamilton International AG<sup>4</sup>**

British seven-time Formula 1 world champion Sir Lewis Hamilton faced a defeat in securing an EU trademark for his own name. The Board of Appeal ruled against Hamilton's application for the mark 'LEWIS HAMILTON,' citing a clash with the existing trademark 'Hamilton' owned by Swiss watchmaker Hamilton International AG.

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<sup>4</sup> R336/2022-1, 17 October 2023

## Background

The matter dates back to July 2015 when 44IP Limited, the entity entrusted with the intellectual property of Mr Hamilton, submitted an EU trade mark application for 'LEWIS HAMILTON' for various goods and services including clothing, watches and jewellery amongst others. Hamilton International AG opposed, asserting the enhanced distinctive character and reputation of its 'HAMILTON' trade mark for goods, partially for wrist watches.

## Board of Appeal Decision

The Opposition Division upheld the opposition, prompting 44IP Limited to appeal. Despite Lewis Hamilton's undeniable success as a record matching seven-time World Drivers' Championship titleholder, the Board scrutinised the challenge of proving his fame across the entire EU at the time of filing the application.

The Board outlined Hamilton's career achievements, emphasizing his record-setting titles in Formula 1. However, it delved into the evidence submitted by 44IP Limited, concentrating on specific EU member states—Bulgaria, Croatia, Estonia, Latvia, and Lithuania—that were considered less connected to Formula 1.

The Board found shortcomings in various evidence aspects, including statistical data on Formula 1 viewership, sports fan demographics, website visits, social media followership, and other indicators of public recognition. Despite Hamilton's fame within motor sports, the Board concluded that the evidence was insufficient to establish him as a famous figure in a non-negligible part of the EU.

Turning to the likelihood of confusion, the Board assessed the relevant public's attention, the degree of similarity between the marks, and the conceptual aspects. It concluded that even if Hamilton were famous throughout the EU, there would still be a likelihood of confusion due to the independent distinctive role of the name 'Hamilton' and the potential belief that the contested application was a sub-brand of the earlier mark.

## Comment

This decision underscores the challenges faced by well-known individuals seeking trade mark protection

for their names. Despite Hamilton's global recognition in the world of Formula 1, the Board's meticulous analysis and stringent criteria led to the rejection of his trade mark application.

## Republic of Cyprus v EUIPO<sup>5</sup>

The EU General Court issued their decision in October 2023 in relation to a long-standing opposition between the Republic of Cyprus and Fontana Food AB regarding HALLOUMI vs GRILLOUMI, dismissing the latest appeal.

## Background

Republic of Cyprus (Ministry of Energy, Commerce and Industry) is a proprietor of a number of different types of trade marks in relation to the well-known "Halloumi" cheese: certification marks for "HALLOUMI" in a number of countries, including Republic of Cyprus, USA, South Africa and a number of MENA countries; collective marks in the EU and UK; and, finally, in 2021 "HALLOUMI / HELLIM" has been registered in the EU as a Protected Designation of Origin (PDO).

## Certification marks

Certification marks were specifically codified as a separate type of EU trade mark from 1 October 2017. According to the Article 83 EUTMR, a certification mark is "*an [EU] mark that is described as such when the mark is applied for and **is capable of distinguishing goods or services that are certified by the proprietor of the mark in respect of material, mode of manufacture of the goods or performance of the services, quality, accuracy or other characteristics, with the exception of geographical origin, from goods and services that are not thus certified***" (emphasis added). The proprietor, however, must not be involved in a business of supplying the certified goods or services, and they do not have to certify the goods and services themselves provided that the applicant supervises and controls the certification.

Republic of Cyprus relied on their certification marks in the initial opposition and this General Court decision is an important one as it crystallizes the principles of assessment of likelihood of confusion in relation to certification marks against individual marks.

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<sup>5</sup> T-415/22, 11 October 2023



## **EUIPO Decision**

Fontana Food AB (a Swedish cheese manufacturer, with a founder from Cyprus who introduced Halloumi cheese in Sweden) applied for the mark GRILLOUMI in 2016 in relation to class 43 services: “Services for providing food and drink; Coffee-shop services; Restaurants”, which was opposed in 2017 by Republic of Cyprus in two separate oppositions, one based on the UK certification mark UK00001451888 HALLOUMI (now cancelled), and Cyprus national certification marks Nos. 36765 and 36766; and the second one based on the EU collective mark No. 001082965 HALLOUMI. For the purposes of this analysis, we will only look at the opposition based on the certification marks - all of them were registered in class 29, and the opposition relied upon the grounds of Articles 8(1)(b) and 8(5) EUTMR.

The initial opposition was rejected in its entirety with a conclusion that the goods and services were dissimilar. The reputation claim has also been rejected, stating that Republic of Cyprus did not demonstrate that the reputation is attached to HALLOUMI as a **certification** mark (emphasis retained per the decision), and that there is no evidence that the relevant public is even aware that HALLOUMI is “*anything more than a name for a type of cheese originating from Cyprus*”.

This decision was appealed and subsequently upheld by the Fourth Board of Appeal in 2019. Following further appeal, the General Court issued its decision in the dispute.

## **General Court Decision**

The General Court annulled the decision stating that the Board of Appeal erred in their finding that the goods and services were dissimilar. The Court found that the complementary connection between “*provision of food and drink, coffee-shop and restaurant services*” and “*cheese*” previously found by the Board of Appeal must lead to finding of a degree (albeit weak) of similarity, and the Board of Appeal was required to carry out an examination of other factors that would contribute to a likelihood of confusion. The case, therefore, returned to the Second Board of Appeal.

## **Board of Appeal Decision after return from General Court**

The Second Board of Appeal decided there was no likelihood of confusion in accordance with Article

8(1)(b) EUTMR. Since the initial appeal decision, the earlier UK certification mark had been cancelled and fell away as an earlier right, so only the two Cypriot certification marks were taken into account in this decision. While the Board of Appeal acknowledged that HALLOUMI national marks were distinctive, insofar as an earlier mark has at least minimal inherent distinctiveness merely due to the fact it has been registered, it held that the HALLOUMI marks possess a low degree of distinctive character, and the claim of enhanced distinctiveness was rejected again. The similarity between the marks was found as below average. The Board of Appeal confirmed that the weak distinctive character of the earlier mark does not necessarily preclude the likelihood of confusion, the assessment is global, and the lesser degree of similarity between the marks can be offset with a greater degree of similarity between the goods and services. However, given that the degree of similarity between “cheese” and “restaurant services” had been found as low, no likelihood of confusion was demonstrated. The Article 8(5) claim failed as well – it was held that Republic of Cyprus failed to show HALLOUMI had a reputation as certification marks. Republic of Cyprus appealed the decision to the General Court.

## **General Court Decision**

Republic of Cyprus did not challenge the Board of Appeal’s findings in relation to Article 8(5), and the General Court decision therefore concerns grounds under Article 8(1)(b) only.

Republic of Cyprus claimed the following:

- ▶ The likelihood of confusion was incorrectly assessed by applying case law relating to individual marks to earlier certification marks.
- ▶ Distinctive character of the earlier certification marks was assessed under the criteria of individual marks.
- ▶ Specific comparison should have been carried out in relation to the degree of similarity between the goods and services in light of the earlier marks being certification marks.

Republic of Cyprus submitted that where the earlier mark is a certification mark, services which are similar must be regarded as similar to more than a low degree in respect of the goods with which they are associated, as the goods are certified and therefore their quality is

guaranteed. The General Court disagreed and confirmed that the Board of Appeal was correct in its findings of complementary connection and low degree of similarity and that the Board of Appeal's reasoning was sound. In addition, the Court referred to the General Court previous ruling from 8 December 2021, confirming that the assessment criteria was correct, and that the matter was *res judicata* and therefore final.

The Republic of Cyprus argued that the distinctiveness of certification marks refers to the guarantee of quality (unlike individual marks where distinctiveness stems from its propensity to serve as a badge of origin), which results in the commercial origin of the goods and identity of the trader becoming secondary to consumers. Therefore, they stated that distinctiveness assessment for certification marks needs to be modified, as many certification marks would otherwise be seen as descriptive. In addition, Republic of Cyprus claimed that HALLOUMI is perceived by consumers as a name guaranteeing conformity with certain standards and the Board of Appeal was not entitled to rule on the Cypriot public's perception of the marks.

The Court stated that although the earlier marks are registered in the Member State and it would appear justified to take into account national law, the EU trade mark regime is an autonomous and self-sufficient one and must be applied independently of any national system. The assessment of the HALLOUMI marks must therefore be carried out on the basis of the EU law alone, and while HALLOUMI bears a certain level of inherent distinctiveness, that does not mean that those marks must be accorded with a degree of distinctiveness that would allow them unconditional protection.

The Court confirmed that, as being ruled on several occasions, HALLOUMI is perceived by the general Cypriot public as a specialty cheese from Cyprus and that nothing in the evidence submitted to the Board of Appeal suggested enhanced distinctiveness. Notably, it was not possible to make a link from the evidence to the certification regime established in 1992, as it refers to sales, promotion and the overall perception of HALLOUMI as a Cypriot cheese.

The General Court upheld the principles applied by the Board of Appeal in the contested decision to be correct, and confirmed the earlier judgment of 8 December 2021, namely, if the relevant public believes

that the goods or services covered by the mark applied for are certified by the proprietor of the earlier certification mark, or economically linked persons, there is a likelihood of confusion (by analogy with the rules governing collective marks).

The Court also confirmed that the Board of Appeal was correct in finding that there was no likelihood of confusion within the scope of Article 8(1)(b).

### **Comment**

It is interesting to note that the Republic of Cyprus did not dispute the decision in relation to the reputation based on Article 8(5). The EUIPO Trade Mark Examination Guidelines state that "for certification marks, the essential function is to distinguish goods or services which **are certified** by the proprietor of the mark from goods and services which are **not so certified**" (emphasis added).

Proprietors of certification marks would be well advised to educate consumers not only about the mark per se, but also about the certification scheme and draw the consumer's attention to the fact that the mark in question is a certification mark, potentially with appropriate packaging and / or marketing campaigns.

The General Court's decision provided a new definition for the likelihood of confusion in cases where the earlier mark is a certification mark. It also confirms that distinctiveness of the certification mark addresses not only the perception and / or recognition of the goods or services, but the specific recognition of the certification regime.

## Bad Faith

### Full Colour Black Limited v Pest Control Office Limited<sup>6</sup>

In this case, the EUIPO Cancellation Division partially upheld Full Colour Black Limited's ("Full Colour") application for a declaration of invalidity in respect of Pest Control Office Limited's ("Pest Control") trade mark, on the basis that it was a repeat filing and therefore filed in bad faith.

#### **Background**

Pest Control, the company that authenticates Banksy's artwork, is the proprietor of the below figurative EU trade mark which was filed on 30 August 2019 and registered on 22 May 2020, in classes 2, 9, 16, 18, 19, 24, 25, 27, 28, 41 and 42:



(the "Trade Mark")

In November 2020, Full Colour filed an application to request a declaration of invalidity against the Trade Mark in respect of all of the goods and services.

#### **Grounds**

Full Colour relied on two grounds:

- (1) Article 59(1)(a) EUTMR, in conjunction with Articles 7(1)(b) and 7(1)(c) EUTMR, i.e. that the Trade Mark is invalid as it is devoid of distinctive character and is descriptive in relation to the goods and services it is registered in respect of; and
- (2) Article 59(1)(b) EUTMR, i.e. that the Trade Mark is invalid as Pest Control was acting in bad faith at the time of filing.

Full Colour believed that the Trade Mark was unlikely to be seen as a trade mark as it is merely a piece of artwork (and therefore not able to identify the

commercial origin of the goods and/or services) and would be perceived as either the subject matter of the goods and services it was registered for, or as ornamentation to the goods. On this ground, the Cancellation Division rejected Full Colour's application.

For a finding of bad faith, the Cancellation Division stated that there must be:

- (1) Some action by the EUTM proprietor which clearly reflects a dishonest intention; and
- (2) An objective standard against which such action can be measured and subsequently qualified as constituting bad faith.

Bad faith itself is not a defined term, but there is bad faith when the conduct of the applicant departs from accepted principles of ethical behaviour or honest commercial and business practices.

Full Colour relied on several arguments to show the Trade Mark was filed in bad faith, which the Cancellation Division grouped and dealt with in turn:

#### A lack of intention to use the Trade Mark

Full Colour argued that the artwork featured in the Trade Mark had been widely available to the public before the filing date, and that Banksy encouraged third parties to use the artwork. Full Colour also believed that the reason Banksy filed the Trade Mark was to avoid the risk of revealing his identity, which may be necessary if he relied on copyright infringement to prevent third parties from using his work. Full Colour also relied on the fact that Banksy has not yet used the Trade Mark.

The Cancellation Division dismissed these arguments, as they do not show that Full Colour had no intention of using the Trade Mark. The fact that the artwork was publicly available, and used by third parties, does not preclude it from being registered. Neither does his desire to remain anonymous indicate that he had no intention to use the Trade Mark. An EUTM proprietor is not required to use the Trade Mark at the time of filing or know when it may begin using it. The proprietor is awarded a five year grace period to the use the Trade Mark to allow it to prepare the production of the goods and/or rendering of the services.

#### The purpose of the filing was to prohibit use of the Trade Mark by third parties

<sup>6</sup> C 47 807, 21 December 2023



Full Colour argued that as Banksy permitted third parties to use the artwork prior to filing, the Trade Mark was filed in bad faith. The Cancellation Division dismissed this argument, holding that there is commercial logic for a proprietor of copyright to also protect their work as a trade mark.

The purpose of the filing was to circumvent the provisions of copyright law

The Cancellation Division also dismissed the argument that by filing the artwork as a Trade Mark, the intention was to circumvent the duration limitation of copyright. The same artwork can be protected by copyright as well as trade mark law.

The purpose of the filing was to circumvent the provisions of US trade mark law

In the US, to obtain a trade mark filing, a proprietor must either prove use of the mark or rely on a foreign registration as the basis of obtaining US protection. Full Colour argued the purpose of the EU registration for the Trade Mark was to obtain US protection without needing to prove use. The Cancellation Division found this does not constitute bad faith.

Refiling

After dismissing Full Colour's other arguments, the Cancellation Division turned to consider whether the Trade Mark was simply a refiling of the earlier trade mark No 12 575 155 (the "Earlier Mark"). The Earlier Mark featured an identical sign and was registered for mostly identical goods and services. The Trade Mark was filed on the day that the grace period for the Earlier Mark expired (i.e. from when Pest Control would need to prove use of the Earlier Mark). Full Colour argued, therefore, that the purpose of the filing was to circumvent the requirement to prove use of the Earlier Mark.

The Cancellation Division stated that repeat filings are not prohibited per se but that "*where the EUTM proprietor makes repeated applications for the same mark with the intention of avoiding the consequences of revocation for non-use of the earlier EUTM, whether wholly or in part, it is acting in bad faith*". Due to the chronological connection between the end of the grace period for the Earlier Mark and the filing date, and the fact that most of the goods and services are identical, the Cancellation Division held that there was no

commercial logic to the filing, and it was therefore filed in bad faith.

To extent the Trade Mark was filed in relation to goods and services that were not identical to the Earlier Mark, the Trade Mark could remain registered.

**Comment**

This case provides a helpful insight into the factors that may be relevant in determining whether a trade mark was filed in bad faith. In particular, it clarifies that just because a trade mark features a piece of artwork, it does not mean it cannot function as a trade mark. Copyright protection does not preclude trade mark protection. Furthermore, it serves as a reminder of the dangers of strategically filing repeat trade mark applications (known as 'evergreening'). Where repeat filings are necessary, it is important to ensure this is for legitimate purposes, and not to circumvent the requirement of proving use.

## Validity

In a recent judgment concerning the iconic Lego line of plastic construction toys, the General Court has provided further clarity on the validity of non-traditional shape marks<sup>7</sup>.

Interestingly, one of the trade mark registrations relevant to these parallel proceedings was previously contested on identical grounds at the General Court by another entity in *Best-Lock (Europe) Ltd v OHIM, Lego Juris A/S*<sup>8</sup>. In this case, the General Court held for Lego. Unsurprisingly, in these present proceedings, the General Court did not depart from its previous decision and upheld the validity of the marks in question.

### The Legal Framework

According to Article 7(1)(e)(i) & (ii) EU Trade Mark Regulation 2017 ('EUTMR 2017') the following types of trade marks are to be refused registration.

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.

The rationale behind these prohibitions is straightforward: a trade mark holder should not be able to monopolise the shape of its goods indefinitely as shapes that result from the nature of the goods or have a function should be freely available for use by all undertakings in that sector. Therefore, the registration of such marks undermines fair competition.

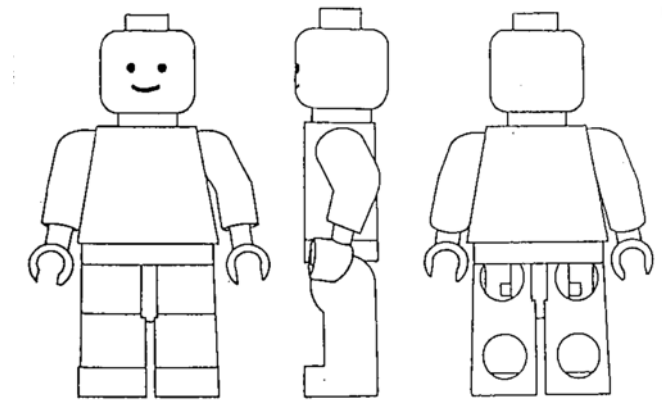
To illustrate this, it would be anti-competitive to permit a sports manufacturer (such as Nike) a trade mark for the shape of a football because its shape exclusively results from the nature of the product itself. Furthermore, the case of *Lego Juris A/S v Mega Brands, C-48/09* illustrates the second point well, where the Lego block was denied registration on the basis its holes on the bottom of the Lego brick were

designed to fit together with the protrusions on the top, therefore serving an exclusively functional purpose.

In invalidity proceedings, there is a presumption of validity of registered trade marks meaning the burden of proof shifts to the invalidity applicant to demonstrate that the marks should be declared invalid rather than the owner having to disprove such an allegation.

### Background

In 1996, Legal Juris A/S applied for EUTM No. 000050450 and EUTM No. 000050518 both covering its minifigure shape. Both marks covered were virtually identical, save for one of the figures having a protrusion on the top of its head and the other none.



In 2000, both applications were successfully registered with the European Union Intellectual Property Office ('EUIPO').

In 2020, BB Services GmbH ("Invalidity Applicant") sought to invalidate both of the aforementioned registrations on the basis that the signs consisted "exclusively" of "shapes..." resulting from the nature of the goods (Art. 7(1)(e)(i) of EUTMR 2017), or necessary to obtain a technical result (Art. 7(1)(e)(ii) EUTMR 2017).

The Invalidity Applicant also initiated revocation proceedings against the same marks, however, those proceedings were suspended pending the outcome of the invalidity proceedings.

In 2021, the EUIPO's Cancellation Division rejected the invalidity action and maintained the registration of the marks. In the same year, the Invalidity Applicant

<sup>7</sup> BB Services GmbH v EUIPO, (Intervener Lego Juris A/S), T-297/22 T-298/22, 6 December 2023

<sup>8</sup> Case T-395/14

appealed the decision of the Cancellation Division to the Board of Appeal.

In 2022, the Board upheld the validity of the two registrations for the reasons set out below.

At the outset, the Board emphasised that the validity of a trade mark is assessed at the filing date. Considering this predated the EUTMR 2017, this case was to be assessed in accordance with the older provisions, namely, Art. 7(1)(e)(i) and (ii) of EUTM Regulation (EC) No 40/94.

The older provisions did not provide for “*other characteristics*” and only shapes. This is not especially important to the outright merits of these proceedings, because the marks here are 3-D shape marks, but it is an important legal point to emphasise.

### **Resulting from the Nature of the Goods**

Regarding the prohibition against shapes exclusively resulting from the nature of the goods, as outlined in Article 7(1)(b)(ii), the Board determined that the nature of the goods in question was primarily a toy for play. Further, the Board also rejected the Invalidity Applicant’s assertions that the nature of the goods was an interlocking building figure which formed part of Lego’s broader modular building system.

The Board identified the arms, head, legs, and torso as the essential elements of the marks. It then emphasised these all had imaginative or decorative elements meaning that these shapes could not exclusively result from the nature of the goods. Since alternative imaginative or decorative elements could be used, the BOA deemed them not strictly necessary and thus, the dismissed this line of argument.

### **Technical Result**

Regarding the prohibition against shapes exclusively necessary to achieve a technical result, as outlined in Article 7(1)(b)(ii), the Board determined that the primary function of the goods in question was for play. Although the toy figurines were compatible with Lego’s broader modular building system, there were alternative ways for the relevant public to engage with the toy. In particular, the essential elements noted above contributed to giving the toy a human-like appearance. The Board held that the essential elements were not exclusively designed to facilitate interconnectivity with other Lego products, a function

more pertinent to Lego’s trade marks covering their building blocks and dismissed this line of argument.

In late 2022, the Invalidity Applicant appealed this decision to the GC.

### **General Court Decision**

In 2023, the General Court released its judgment which upheld the findings of the Board maintaining the registrations. However, it diverged from the Board’s decision on several points of assessment.

### **Resulting from the Nature of the Goods**

The General Court agreed with the Board that the nature of the goods were toy figurines for play, but also agreed with the Invalidity Applicant that they are formed part of the broader modular building system.

Furthermore, the General Court noted the Board missed some of the essential characteristics of the shape such as the protrusion on the head, the locks on the hands and the holes at the back of the legs and bottom of the feet which enabled them to be assembled with other Lego products.

Despite this, the General Court upheld the findings of the Board in that several of the essential characteristic were decorative or imaginative meaning the shape could not exclusively result from the nature of the goods.

### **Technical Result**

The General Court also agreed with the Board that the function of the goods was as a toy for play. However, the General Court further agreed with the Invalidity Applicant and accepted that the toy figurine also functions as being part of the broader Lego modular system.

Even though the General Court did not agree with the Board’s entire assessment, they did uphold the finding that the Invalidity Applicant did not successfully demonstrate that the signs exclusively comprised a shape necessary to achieve a technical result. The essential elements of the goods, such as the head, body, arms, and legs, primarily bestowed upon the toy a human-like appearance and were not indispensable for enabling the toy’s interlinking with other Lego products.



### Comment

Overall, the result here is not unsurprising, especially considering the General Court had already dealt with identical challenges against one of these marks filed by a different invalidity applicant.

The only remaining ground under Article 7(1)(e) that has not been tested by the General Court is (iii) shapes that exclusively give substantial value to the goods. However, it appears difficult to envisage a situation where a shape, that does not serve a technical purpose or function, could exclusively give substantial value to the goods in question. With this in mind, it seems likely that if a 7(1)(e)(ii) challenge is unsuccessful, future invalidity applicants will face difficulty in successfully challenging a registration under this provision.

It is worth noting that the invalidity applicant also initiated revocation proceedings which were suspended during the invalidity proceedings. With the closure of the invalidity proceedings, the revocation proceedings will resume, and we will be closely monitoring their progress.

In 2023, Lego Juris A/S filed a strikingly similar toy figurine trade mark application covering a much broader range of goods and services which has now been registered. Could this move potentially be seen as a precautionary measure in anticipation of challenges related to proving genuine use against the 2000 registrations? While it might be assumed that Lego Juris A/S can easily demonstrate genuine use of its toy figurine mark in the EU, recent decisions of the EUIPO underscore that this is a matter of evidence submitted and can never be presumed.

Unlike invalidity proceedings where the burden lies on the invalidity applicant to prove the marks should not have been registered, in revocation proceedings the applicant merely needs to allege non-use and the evidence must be put forth by the trade mark owner.

Even if this move wasn't pre-emptive, the expanded list of goods and services covered by the new registration, could potentially draw new challenges from interested third parties meaning we anticipate further trade mark developments concerning Lego Juris A/S in the future.



## Genuine Use

When it comes to proving genuine use, can trade mark proprietors rely on the re-sale of their products, including the sale of second-hand parts (both of which are sold through third parties) as evidence of use of their mark?

In *Kurt Hesse v Ferrari S.p.A.*<sup>9</sup>, the EUIPO Fifth Board of Appeal has confirmed that, although spare parts may be considered as genuine use for a whole product, third party sales alone are insufficient in evidencing genuine use by the proprietor, particularly if there is no involvement from the proprietor in the sale of such goods.

### Background

In 2006, Ferrari S.p.A, the well-known luxury car manufacturer, filed an International Registration for the mark TESTAROSSA in classes 12 and 28, designating the EU (and other territories). The mark was registered against the following terms:

**Class 12:** *Vehicles; apparatus for locomotion by land, air or water; land motor vehicles, automobiles, structural and replacement parts, components and accessories therefor all included in this class; brakes, engines, tyres for land motor vehicles included in this class; bicycles, motor bicycles, vans and trucks.*

**Class 28:** *Games and playthings, gymnastic and sporting articles not included in other classes, decoration for Christmas trees, scale toy land motor vehicles, hand held video games, modular structures construction toys and connecting links therefor, toy construction block kits, dolls, soft toys.*

Protection was sought in relation to the sale of their new sports car bearing the same name, TESTAROSSA, launched in the late 80s. The car was sold throughout the 90s after which production, and the sale of new cars, had ceased. Spare parts were available through third party resellers, not linked (financially or commercially) to the trade mark owner.

The Cancellation Applicant, Kurt Hesse, had initially filed an EU trade mark for the word mark TESTAROSSA in classes 7, 8, 12, 18 and 28. Ferrari opposed the application, after which the Applicant filed a request to revoke Ferrari's earlier registration on grounds of non-use, under Article 58(1)(a) EUTMR, which states that a mark must be used within a continuous period of 5 years or risk being revoked. Following a partial revocation of Ferrari's mark, both

parties appealed the decision of the Cancellation Division.

### Ferrari's previous dealings

In *Ferrari SpA v DU*<sup>10</sup>, the Court of Justice of the European Union considered questions referred to it by the initial court, which included the following questions:

- ▶ can goods which are resold count in the context of genuine use
- ▶ can spare parts constitute genuine use if the main product is no longer sold?

The court held that the products do not have to be new for use to be genuine i.e. use of the mark on second-hand goods can be sufficient, but we must look at whether there is a "real and commercial use" of the mark. Significantly, the sale of spare parts can cover the whole product, however, it is equally important to note that the registration must cover both the goods and the parts thereof in order this to apply.

The court took the view that as the mark was still being used within the marketplace, and the relevant consumer was purchasing the car, albeit second-hand, this constituted genuine use of the mark.

### Board of Appeal

The Board had to consider whether the second-hand market in this instance amounted to genuine use. The Cancellation Applicant's key arguments were that no new cars were sold in recent years, so Ferrari was relying on use of the mark by third parties. Additionally, the evidence submitted did not show that Ferrari were themselves involved in the sale of second-hand cars, or their parts and/or accessories.

The Board of Appeal upheld the earlier court's decision, noting that, given the evidence submitted, Ferrari had not shown they were involved in the sales - whether directly or indirectly - of second-hand cars or its parts and/or accessories. It was further noted that the mark's use by third parties was purely descriptive, and that being aware of their use of the mark did not constitute genuine use by the trade mark owner. The Board of Appeal therefore revoked all contested goods within class 12.

### Comment

Whilst the scope of genuine use can include parts of a whole product (when proving both the goods in part and goods as a whole), it is important for proprietors to remember that, without the involvement of the trade mark owner i.e. simply relying on third

<sup>9</sup> R 334/2017-5 and R 343/2017-5, 29 August 2023

<sup>10</sup> C-720/18 EU:C:2020:854, 22 October 2020

party use of the mark, evidence in this regard will be inadequate in proving genuine use of a mark.

### DPG Deutsche Pfandsystem v EUIPO<sup>11</sup>

There are three types of trade mark recognised under EU trade mark law:

- 1) Individual trade marks: a mark distinguishing the goods and services offered under the mark from those of other undertakings;
- 2) Collective trade marks: a mark indicating that the goods or services bearing the mark originate from members of a trade association, rather than just one trader; and
- 3) Certification trade marks: a mark providing a guarantee that the goods or services bearing the mark meet a certain defined standard or possess a particular characteristic.

### **Background**

DPG Deutsche Pfandsystem GmbH ('DPG'), a beverage packaging recycler, obtained a registration in May 2007 for the below EU trade mark in classes 6, 9, 16, 20, 21, 35, 39, 40 and 42, for various beverage packing and recycling services.



In 2015, Užstato sistemos administratorius VŠĮ ('UsaV') filed an application for the below EU trade mark in classes 35, 39, 40 and 42 for various recycling organisation and waste management services.



DPG opposed this trade mark application citing its prior registration and UsaV requested DPG to provide evidence of genuine use of its individual mark. DPG submitted evidence, including pictures of the trade mark on beverage packaging and automatic recycling

and sorting machines. Additionally, DPG providing the "Terms and Conditions of Participation in the DPG System", which displayed the earlier mark on each page, screenshots of DPG's website with the mark in the top-left corner, and invoices for the annual participation fee for the members of the DPG System displaying the earlier mark.

### **The General Court's decision**

The Opposition Board and Court of Appeal rejected DPG's opposition, stating that genuine use had not been established. They considered the relevant public to be commercial or administrative entities making use of the recycling services i.e. business consumers rather than the general public.

For an individual mark, there is genuine use where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered from other undertakings. It must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.

The General Court dismissed DPG's appeal, as the graphical nature of a curved arrow is used as a symbol throughout Europe to denote a recycling process. The public would perceive the sign as a mark of certification that the packing is part of the DPG recycling system, rather than the true purpose of an individual mark of associating the DPG services with the mark or guaranteeing that the goods or services have been manufactured or supplied by a single entity.

The General Court, citing *W. F. Gözze Frottierweberei and Gözze*<sup>12</sup>, specified that if the relevant public perceives a mark as a sign certifying the composition or quality of the goods or services without guaranteeing that they come from a single undertaking, then that use does not align with the function of indicating commercial origin.

The German market saw an estimated 15-16 billion items of disposable drinks packaging per year carrying the mark. Business consumers were highly aware of the previous sign, which was mainly used to certify that the products were part of a deposit system, specifically the DPG system. It was therefore found that the mark fulfilled a certification function by informing the relevant

<sup>11</sup> T-774/21, 6 September 2023

<sup>12</sup> C-689/15, 8 June 2017



public that the packaging was covered by the DPG system.

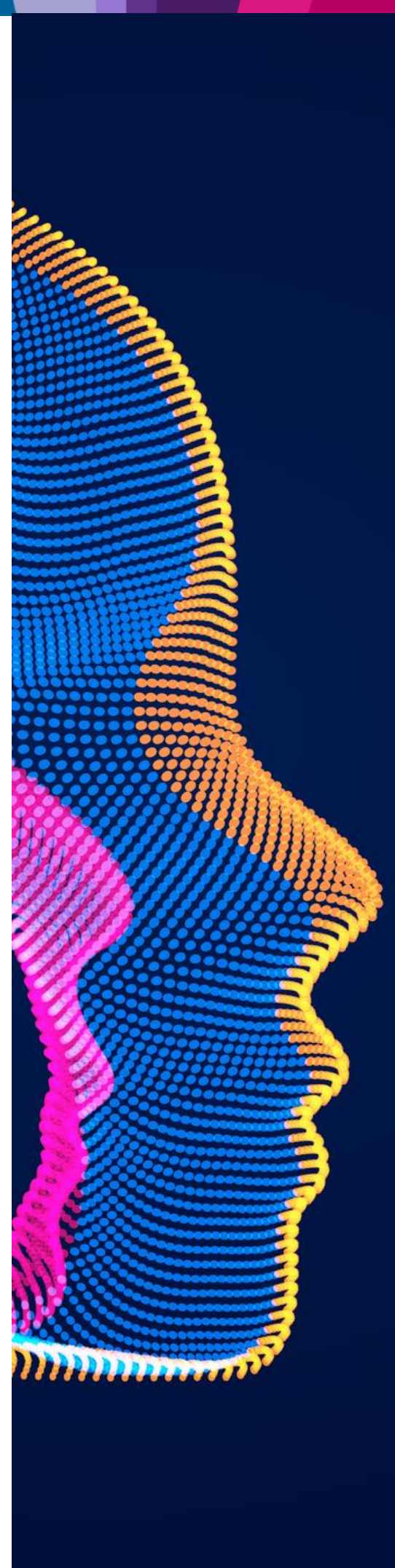
The General Court used the same logic concerning the invoices and the website bearing the earlier mark, that is that business consumers would interpret the sign to be referring to the recycling process itself, and to certain goods being part of the specific recycling system, rather than indicating the commercial origin of the services. In particular, the use of the sign on the website did not effectively guide consumers to associate the services concerned with that sign.

### **Comment**

Certification marks provide consumers with the assurance that certain goods or services meet recognised standards and the marks essentially act as a stamp of quality. Many companies avoid applying for certification marks given the strict regulations governing the use of the certification mark which must be filed along with the application and be met in order for the mark to be affixed to goods or used alongside services. Certification mark owners do not have control over who may use the mark, so long as the regulations are met by the user.

Applicants may only have either an individual mark or a certification mark for the same goods or services, not both. However, as can be seen in the present case, an individual mark is not a viable alternative to a certification mark if the mark in question functions to certify the composition or quality of the goods or services.

It appears that DPG became savvy to the impending unfavourable decision following its appeal in 2020, because it filed two updated EUTMs (018242018 and 018242020) for the updated signs as certification marks. It is worth noting that it omitted the service classes and only filed in classes 6, 16, 20 and 21, perhaps to avoid further opposition proceedings from UsaV who now owns a registration in classes 35, 40 and 42.



## Acquiescence

### Industrial Cleaning Equipment (Southampton) Limited v Intelligent Cleaning Equipment Holdings Co Ltd et al<sup>13</sup>

The Court of Appeal has ruled that, when considering a defence of “statutory acquiescence” under Section 48 of the Trade Marks Act 1994, the required continuous period of five years of acquiescence should be calculated from when both of two factors are in place: (1) the proprietor of the earlier trade mark becomes aware of the use by the defendant of a mark that potentially infringes its earlier one; and (2) the defendant’s mark is registered. Of particular note was the Court of Appeal’s ruling that there was no need to take into account whether (or when) the proprietor became aware that the later mark had actually been registered – the proprietor just needed to be aware of the mark being used. In this respect the UK Court of Appeal chose to depart from the EU Court of Justice ruling in *Case C-482/09 Budjovicky Budvar v Anheuser-Busch, Inc* (“*Budvar*”).

#### Background

The two parties in the proceedings both operated in the UK broadly in the field of equipment relating to industrial/commercial cleaning, and had become aware of each others’ activities in about 2014. The Claimant (Industrial Cleaning Equipment) had obtained registration in January 2016 of a UK trade mark for the logo shown on the left below, covering services (sale and rental of cleaning equipment, machines and vehicles) in Classes 35 and 37. The Defendant (Intelligent Cleaning Equipment) had obtained - via the International Madrid Protocol route - EU Trade Marks in Class 7 (in respect of “floor cleaning machines”) for the logo shown on the right below, and for the word mark “ICE”, with the EUIPO confirming their acceptance on the EU register in May and June 2016. As a consequence of Brexit, the Defendant’s continued UK protection was recognised by being given two comparable International (UK) registrations with effect from 31<sup>st</sup> December 2020.



Although the Claimant’s solicitors sent a letter before claim in 2019 alleging infringement of its UK mark, and in the same year began an invalidation action against the Defendant’s EU Trade Marks (subsequently withdrawn), it was not until 24<sup>th</sup> May 2021 that a claim for infringement was issued against the Defendant in the UK courts. The claim was heard in the Intellectual Property and Enterprise Court (IPEC), the judge finding that the Claimant’s mark had been infringed, and that the defence of statutory acquiescence was not available as five years had not elapsed since the Claimant had become aware of the Defendant’s use of the mark. In deciding whether five years had elapsed, the judge applied the principles set out in the *Budvar* case (as she was required to do – it being part of the “retained EU case-law” binding upon the IPEC). *Budvar* established that the five year period only starts to run when the earlier trade mark proprietor (the Claimant here) has knowledge both of the use of the later trade mark and also of its registration.

#### Decision of the Court of Appeal

The Defendant’s arguments before the Court of Appeal were both related to its statutory acquiescence defence, and in particular the date on which the five year period should be taken to start (which it argued the IPEC judge had decided incorrectly).

First, the Defendant suggested that the EU Court of Justice decision in *Budvar* was wrong in principle and should be disregarded by the Court of Appeal, using the power that it had been given by Parliament to “depart from” retained EU case-law in certain circumstances. This would mean that, when deciding on the starting date for the five years of acquiescence, it was no longer a requirement that the proprietor of the earlier mark should be aware that the later mark had actually been registered (only that the mark was being used). On this argument the Defendant was successful. The Court of Appeal agreed that it made more sense – both under EU law and Section 48 of the Trade Marks Act 1994 – that the five years of acquiescence be based upon awareness of the more

<sup>13</sup> [2023] EWCA Civ 1451, 6 December 2023



recently registered mark being *used*, rather than requiring knowledge of registration. Although “departing from” retained EU case-law is a power to be used with caution, in this case the fact that EUIPO and General Court practice appeared to be at variance with *Budvar* helped to tip the balance.

Secondly, the Defendant argued that - in calculating the five year period of acquiescence - the date of registration in respect of a mark with its origins in the Madrid Protocol international registration system (such as the marks of the Defendant) should be taken as the international registration date, rather than the date from which the mark was protected in the EU. On this point the Court of Appeal did not accept the Defendant’s argument – only when international marks were confirmed as accepted and republished by the EUIPO did they truly become registered under EU law, a point that was consistent with relevant EUIPO practice and case-law. Unfortunately for the Defendant, taking the EU registration date rather than the international registration date as the starting point for calculating the five year period meant that the acquiescence defence would not be available.

Even though the Defendant was successful in its first argument that the proprietor should not have to be aware of the mark’s registration to set the five year acquiescence period running, this did not take registration out of the assessment altogether. The test for five years of acquiescence still required BOTH the proprietor’s awareness of the mark’s use AND it having been registered for at least five years. The Defendant failed on the latter point, meaning that the statutory acquiescence defence was not available to it, as the Claimant had begun its infringement proceedings (just) before the requisite five years had elapsed since the EU registration dates for the Defendant’s two trade marks.

### **Comment**

The Court of Appeal’s decision to “depart from” the EU Court of Justice ruling in *Budvar* was notable in itself, demonstrating that in UK trade mark litigation it can be worth arguing for a departure from retained EU case-law in the right circumstances. But there is also a more basic, pragmatic lesson that should be drawn from this decision. Trade mark proprietors need to be on the alert for competitors who may be registering trade marks on their “patch” and cannot afford to turn a blind eye to registrations (as the five year acquiescence

period will be running regardless). As soon as they become aware of a potentially infringing competitor mark being used, the onus is now on a proprietor to investigate whether a registration has been made, and there is all the more reason to have standing monitoring services in place to check pro-actively for registrations. If a competing registration is found, it will then be necessary to consider whether a claim for infringement is appropriate (warning letters to the competitor and even cancellation actions will not be sufficient to break a period of acquiescence, see *Combe International v Dr August Wolff et al* [2022] EWCA Civ 1562.)





## Protected designations of origin (PDO)

### Grana Padano<sup>14</sup>

A recent decision from the EUIPO Board of Appeal has clarified the relationship between collective marks and protected designations of origin (PDOs).

#### Background

In December 2020, the Grana Padano Protection Consortium (the “GPPC”) applied to register the following figurative mark as a collective mark in the EU for products in class 29 (the “Mark”), mainly cheeses which comply with the requirements of the Grana Padano PDO:



In October 2021, the EUIPO refused the application pursuant to Article 76(2) EUTMR, whereby the collective mark is liable to mislead the public with regards to the character or significance of the mark if it is taken to be something other than a collective mark. The EUIPO stated the figurative mark was almost identical to the mark in the product specification for the PDO itself, so would essentially mislead regarding the character or meaning of the brand:



The collective mark must be used by any cheese manufacturer whose Grana Padano complies with the PDO requirements, regardless of whether they are a member of the Consortium, meaning the public might

be misled into thinking the figurative mark is a geographical designation of origin, as opposed to a collective mark.

The GPPC appealed to the Board of Appeal on a number of points, including that the PDO logo is used on the products themselves whilst the Mark is used on consumer-facing products, and the PDO protection conferred only applied to the Grana Padano name and sign on the cheese wheels.

#### Board of Appeal decision

The Board first looked at whether the mark was deceptive which must be assessed by way of the public’s perception at the time of purchasing the product.

A collective mark will be refused if there is a risk the public will be misled as to the character or significance of the mark, particularly if an impression is created that the sign is not a collective mark. In this instance, the Mark which did not feature the letters “G” and “P” distinguished it from the Grana Padano sign, which was considered enough of a distinction for consumers. Additionally, the situations where the marks would be used were quite different; the mark would be affixed on consumer-facing packaging of Grana Padano whilst the collective mark would be used as a PDO specification on the products themselves, to confirm the provenance of the product.

The trade mark applied for being owned by the Consortium, excludes any deceptiveness for the public, meaning the brand belongs to the entity responsible for the protection and promotion of the cheese. The Board of Appeal concluded the public cannot be misled about the nature of the sign when it is used.

#### Distinctiveness – Article 7(1)(b) EUTMR

The EUIPO had previously ruled that the Mark was almost identical to the collective mark, meaning it could not fulfil the core function of a trade mark to identify the origin of goods/services. The instances of when the mark will be used also supported the Consortium’s argument that the mark possessed distinctiveness under Article 7(1)(b). The Board assessed the collective mark should feature elements which enable

<sup>14</sup> R 1073/2022-5, 15 November 2023

consumers to distinguish goods/services from those of other undertakings.

Consumers would not confuse the Mark with the PDO Grana Padano collective mark, as 1) the signs are not identical; and 2) the instances in which they will be used is different. In terms of not being identical, the figurative symbol consisting of two triangles with rounded tips above and below the text, is reminiscent of wedges of cheese. These decorative elements added to the conclusion that the Grana Padano mark had sufficient distinctive character.

### **Comment**

The decision shows that if a PDO holder is struggling to enforce its rights in the EU, relying on a collective mark will provide it with greater benefits.





## Criminal enforcement

A rare case of criminal enforcement against a trade mark infringer was recently the subject of a preliminary ruling by the Court of Justice of the European Union (CJEU)<sup>15</sup>.

### Background

In 2016, the Bulgarian government accused an entrepreneur of trade mark infringement by offering for sale counterfeit clothing. If estimated by their retail value as originals, the counterfeits would have been worth approximately EUR 718,000. According to the Bulgarian Criminal Code, this was punishable by (a) a penalty of up to 5 years' imprisonment and a fine of up to EUR 2,550, or (b) where the infringement is repeated and causes significant harmful effects, a penalty of up to 87 years' imprisonment and a fine of between EUR 2,550 to 4,000. The prosecution sought the former.

Given the severity of the penalties, the Bulgarian district court stayed the proceedings and referred four questions to the CJEU on their compatibility with EU law.

The CJEU addressed the questions, focusing on whether they were consistent with the Charter of Fundamental Rights of the European Union (Charter). It first clarified that Directive 2004/48/EC deals with *civil enforcement* of intellectual property rights and does not cover *criminal enforcement*. Accordingly, the CJEU deemed the Bulgarian district court's two questions concerning the directive's applicability to the Bulgarian Criminal Code inadmissible.

The CJEU considered that it had jurisdiction to assess the compatibility of the penalties with the Charter, given that EU member states must comply with EU law when implementing their obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Article 61 of TRIPS requires criminal procedures and penalties for trade mark counterfeiting on a commercial scale.

### Article 49(1) of the Charter

The Bulgarian district court asked whether a system where the same conduct could be qualified as either

administrative or criminal is compatible with the principle of legality of criminal offences in Article 49(1). The CJEU noted that for criminal law to meet this standard, it must be accessible and predictable, allowing individuals to understand when they might be criminally liable; this standard can be met even where the same conduct can be either administrative or criminal. It followed that such a system is compatible with Article 49(1).

### Article 49(3) of the Charter

The Bulgarian district court also asked whether the severity of penalties imposed by the Bulgarian Criminal Code was proportionate to the offence within the meaning of Article 49(3), in particular given the duality of imprisonment and fines alongside the confiscation and destruction of the counterfeit goods.

The CJEU recalled that Article 61 of TRIPS allows criminal penalties to include both imprisonment and fines, and that such penalties must provide a sufficient deterrent to the infringement. Nevertheless, it found that the Bulgarian Criminal Code imposed penalties beyond what was necessary in order to achieve that objective (relying in part on the Bulgarian district court's own description of the imprisonment term as "extremely long" and the level of the fine as "high"). The CJEU, therefore, deemed it inconsistent with Article 49(3).

### Comment

This ruling serves as a guide for EU member states in balancing the need for strong enforcement against the principles of proportionality in criminal penalties.

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<sup>15</sup> G. ST. T, C-655/21, 19 October 2023



## Transfers

### Maradona<sup>16</sup>

The EU General Court recently upheld the rejection of the transfer of the word mark DIEGO MARADONA to the company of the deceased footballer's former lawyer, Sattvica SA. The documents submitted by Sattvica did not satisfy the formalities requirements for the transfer and the request was therefore rejected. This decision was upheld upon appeal to the General Court and emphasises the importance of meeting formalities requirements.

#### **Background**

Diego Maradona, widely regarded as one of the greatest footballers of all time, registered an EU trade mark for his own name in 2003 for a range of goods and services such as cosmetics, clothing, sporting goods and restaurant services in classes 3, 25 and 42. Upon Maradona's passing in 2020, Sattvica, who are an Argentinean company established by Maradona's former intellectual property lawyer, made a request to the EUIPO that this EU trade mark be transferred to them a few months later in 2021.

This request was made on the basis of documents signed by Maradona himself in 2015, which provided authorisation for the commercial use of the trade mark, as well as an undated document also signed by the late Maradona authorising the use of the mark. The EUIPO accordingly entered the transfer into the Register.

Maradona's heirs subsequently applied for the transfer of the mark on the Register to be invalidated. They alleged that no valid documentation had been provided by Sattvica duly establishing the transfer of the mark in their favour. The EUIPO annulled the transfer immediately and stated that it was completed "in error". After an initial unsuccessful appeal to the EUIPO Board of Appeal, Sattvica made a further appeal to the General Court.

#### **Sattvica's Appeal to the General Court**

Sattvica claimed in their grounds of appeal that the Board of Appeal erred in assessing whether the formalities requirements in relation to the transfer had

been met. These conditions are set out in Article 20 of the EU Trade Mark Regulations. Sattvica also claimed that the Board of Appeal erred in law by ruling on questions which fall within the remit of national legislation, also pursuant to Article 20 EUTMR. They also requested that in addition to an annulment of the Board of Appeal's decision, that the EUIPO reprocess the transfer of the mark in question to them.

The General Court swiftly dismissed and rejected Sattvica's request to order the EUIPO to process the transfer of the registration. In accordance with Article 263 of the Treaty of the Functioning of the EU (TFEU), the Court does not have injunctive powers to make orders to another European institution.

In assessing Sattvica's other claims, the General Court assessed whether the formalities requirements for the transfer of an EU trade mark registration had been satisfied, as set out in paragraphs 1-3, 5 and 7 of Article 20 EUTMR. Some of the requirements include that the application for the transfer must include documents duly establishing the transfer and that the assignment be made in writing with the signature of the parties to the contract. Article 13 of the Implementing Regulation 2018/626 further clarifies that the documentation must also include information such as the registration number of the mark in question and specific information regarding the entity or person to whom the mark will be transferred.

The initial documentation submitted by Sattvica, which was signed by Maradona himself, gave authorisation for them to "have" the mark. Sattvica argued that this was sufficient to prove a right of ownership over the marks in question. However, the General Court concurred with the EUIPO Board of Appeal's initial decision and held that the documents submitted by Sattvica did not satisfy some of the above-mentioned formalities requirements outlined in Article 20 of the EUTMR.

The formalities requirements also could not be corrected, as Maradona had passed away before the transfer request was submitted by Sattvica. The company were unable to produce any further documents in support of their grounds of appeal. The appeal was therefore rejected and the transfer to Sattvica did not proceed.

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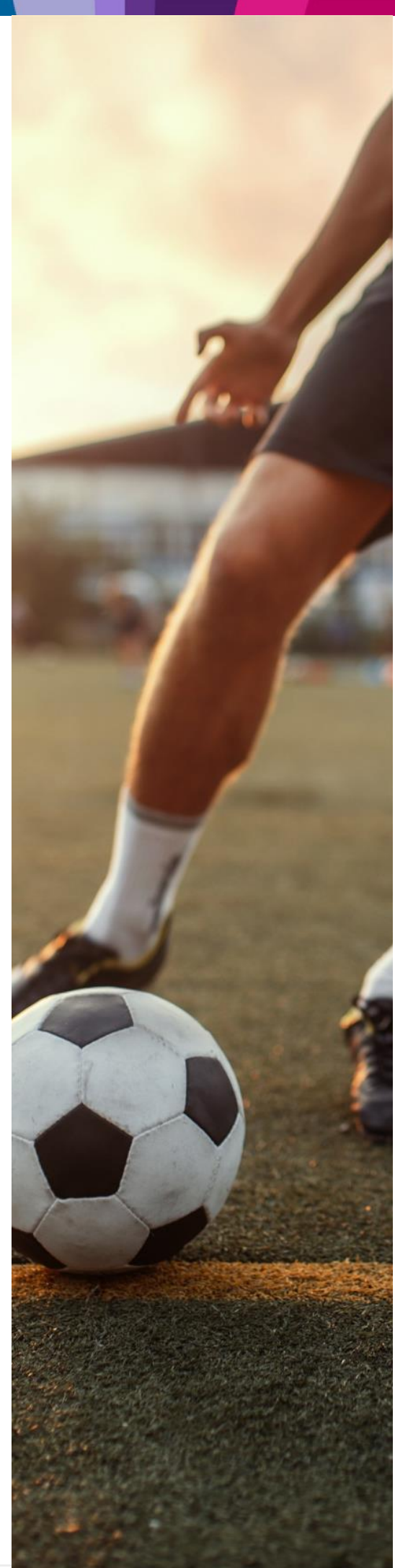
<sup>16</sup> Sattvica SA v EUIPO, T-299/22, 7 November 2023

The relevant EU trade mark registrations remain in the name of Diego Maradona and are therefore owned by his heirs.

**Comment**

As the formalities requirements were not met, the General Court did not rule upon whether Sattvica did indeed have a right to ownership of the registrations in question. This case therefore provides a succinct exemplification of the importance of satisfying all formalities requirements in trade mark proceedings. The material facts of this case were not investigated, as Sattvica's claims fell at this first formalities hurdle.

Rightsholders should therefore be aware that even if the specific facts of a case appears to be in their favour, they will not receive a positive outcome in proceedings if they fail to satisfy the often stringent formalities requirements. This will apply to all cases before the EUIPO and not just those relating to transfers or assignments. Rightsholders must therefore be aware of what specific formalities will be required of them and of any documentation that they must submit in EUIPO proceedings.



## Licences

### Oy Shaman Spirits Ltd v EUIPO<sup>17</sup>

The General Court has ruled that, in order for a licence agreement relating to an EU trade mark to be recorded against the mark on the EUIPO register, evidence that the current registered proprietor of the mark (i.e. the proprietor at the time the licence is to be recorded) has consented to such registration must be submitted. A licensee who delays registration, during which time the mark is assigned by the original licensor to a new proprietor, thus runs the risk of not being able to have its licence recorded on the register (with several adverse practical consequences as discussed below).

#### Background

Between 2008 and 2016 a Finnish company named Brandavid Oy had registered the following figurative EU trade marks in Classes 31, 32 and 33 for use in connection with its vodka drinks:



In 2016 Brandavid entered into a licence agreement with another Finnish company, Oy Shaman Spirits Ltd

(“Shaman”) for it to use those marks, but later in the same year Brandavid also chose to transfer the underlying ownership of the marks to a new proprietor - Global Drinks Finland Oy (“Global”) – that transfer being registered at the EUIPO in January 2017. It was not until 2020 that the licensee Shaman applied to the EUIPO to have its licence recorded against the marks on the register. While the EUIPO initially entered the details of the licence against the three marks on the register, after written representations from the new proprietor, Global, and having considered documents submitted by Shaman in support of its case, the EUIPO revoked the recordal of the licence. An appeal from Shaman was dismissed by the First Board of Appeal of the EUIPO in September 2022, and so Shaman appealed again, this time to the General Court, for the registration of its licence to be reinstated.

#### Decision of the General Court

Shaman advanced three grounds of appeal against the decision of the Board of Appeal in arguing for its licence to once again be recorded against the marks on the EUIPO register, but the General Court dismissed all three.

First, Shaman pointed to the fact that it had put in evidence its written agreement with Brandavid signed by both parties granting it an exclusive licence to use the marks and the right to be entered on the register as the exclusive licence holder. Shaman also asserted that Global was aware of the existence of that licence agreement prior to being registered as the new proprietor of the marks. The General Court ruled that, even if correct, these alleged facts were not relevant, as the EU Trade Mark Regulation and Implementing Regulations set out the specific formalities that needed to be complied with before a licence could be registered. Regulation 2017/1000 laid down that the rules on registration of transfers of EU trade marks should apply – *mutatis mutandis* – to the registrations of licences, and those rules on registration of transfers were set out in Implementing Regulation 2018/626. In all scenarios under those Regulations, the registered proprietor’s signature or agreement was a prerequisite for a transfer to be registered, and so it was too for the registration of a licence. As Shaman had waited until 2020 to register its licence, the registered proprietor at the time of application was now Global, so the

<sup>17</sup> T-679/22, 22 November 2023



signature of Brandavid on the licence agreement was of no assistance.

If it was true that Global had known of the licence agreement before the transfer was registered, the General Court did not exclude the possibility that Shaman might either be able to call in aid Article 27(1) of Regulation 2017/1000 (which gives effect vis-à-vis third parties to legal acts which is known about when acquiring EU trade mark rights) or contractual rights under domestic Finnish law. But these considerations did not “impact the right to registration which follows an approach that is formalised and clearly codified in the applicable provisions, the wording of which leaves no scope for interpretation”.

Shaman’s second and third grounds of appeal were based upon Finnish law, which it argued both required Global to acknowledge that the pre-existing licence bound it and also rendered the EUIPO’s decision to revoke the registration of the licence invalid. The General Court rejected both of these lines of argument on the basis, and confirmed by case-law, that the Regulations governing the transfer of EU trade marks and the registration of licences of such marks create a completely autonomous EU law regime, to which national law rules have no relevance. In following the formalities set down in the Regulations for transfers of EU marks, the EUIPO is not required to have regard to national rules on the validity or effect of transfers, and the same applies *mutatis mutandis* to trade mark licences.

### Comment

The approach taken by the General Court, requiring the signature or agreement of the current proprietor to any registration of a licence (even if it became proprietor by way of a transfer in full knowledge of a pre-existing licence over the mark(s)) may seem surprisingly formalistic, but has the benefit of simplicity and certainty in terms of EUIPO administration.

The very clear practical take-away for licensees of EU trade marks is the importance of prompt registration of a licence with the EUIPO before any change in proprietorship might take place (and confirmation in the licence agreement that the proprietor will facilitate such registration). In that way, the benefits of registration are maintained, such as effect against third parties (including potential new proprietors), a right to be informed by the proprietor of any intended surrender in whole or part, and six months’ warning of the approaching expiry of registration from the EUIPO.



## Jurisdiction

A key benefit of holding an EU trade mark is the ability to obtain an injunction and other relief which has effect across the European Union in the member state where the defendant is domiciled; its ‘home’ Court. But how does this work if you have multiple defendants which are domiciled in different countries? Do you have to bring multiple actions?

The answer lies in Article 8(1) of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Brussels I recast), which reads:

*“A person domiciled in a Member State may also be sued...where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.”*  
(emphasis added)

In a recent decision<sup>18</sup>, the CJEU has given further guidance on the extent to which Article 8(1) can extend to multiple defendants. Here, claims against defendants domiciled in different countries were held to be sufficiently closely connected by virtue of an exclusive distribution agreement between them despite the companies and their directors not being part of the same corporate group.

### Background

Advance Magazine Publishers Inc. (“AMP”), publishers of the renowned Vogue publications and owners of various EU trade marks for ‘VOGUE’ issued proceedings against four defendants in respect of the infringing goods ‘Diamant Vogue’ energy drinks pictured below.



BEVERAGE CITY  
THE LIFESTYLE DRINKS COMPANY

Beverage City Polska (“BCP”) manufactures, advertises and distributes the energy drink and sells them to consumers in Poland. Both it and its managing director are domiciled in Poland.

Beverage City & Lifestyle (“BCL”) purchased the energy drinks from BCP and sold them to consumers in Germany pursuant to an exclusive distribution agreement. Both it and its managing director are domiciled in Germany.

Despite the names being similar, the companies are not otherwise connected and do not belong to the same group of companies, therefore the connection between the defendant companies was the exclusive distribution agreement.

AMP issued proceedings in Germany against all four defendants (both entities and both managing directors) and sought a pan-EU injunction, disclosure of information including accounts and declaration of liability for damages. AMP later limited all relief save the injunction to acts within Germany. AMP succeeded in its claim against all four defendants since the Düsseldorf Court found it had jurisdiction to hear the claim.

BCP and its managing director appealed the decision of the Düsseldorf Court on the grounds that it did not have jurisdiction to hear the claim since it was not sufficiently connected to BCL and its managing director; they had operated and delivered the goods to their customers exclusively in Poland.

### Decision of the CJEU

The Higher Regional Court in Germany referred the question to the CJEU for consideration. The question put forward was slightly different to the one that was answered. The question asked was whether Article 8(1) could apply where the *“parties are connected to each other only through the mere supply relationship beyond which there is no legal or factual connection?”*

In considering the referral, the CJEU reframed the question to refer to the exclusive distribution agreement specifically. This is likely because it reiterated the importance of ensuring the rights of upholding the general expectation that a defendant can expect to be sued in their own member state and that

<sup>18</sup> Beverage City & Lifestyle GmbH & Ors v Advance Magazine Publishers Inc, C-832/21, 7 September 2023

since Article 8(1) is a derogation from that general principle, it should be interpreted restrictively.

On assessing the “*risk of irreconcilable judgments*”, the CJEU confirmed that this requires not just a potential difference, but that difference must be in respect of the same factual and legal context. Confirming that Article 8(1) extends to EU trade marks, the Court considered whether there was “*the same situation of fact*” in these circumstances.

Ultimately, the CJEU decided that an exclusive distribution agreement here was sufficient, commenting that the following were key factors in coming to that decision:

1. The defendants were accused of having committed “*materially identical infringements*” of the same trade mark;
2. There was close co-operation between the parties;
3. Both companies sold the infringing goods through websites which cross-referenced each other and the domains for which were owned by one of the defendants;
4. They were connected by an exclusive distribution agreement.

As a result of the above, it was held there was a close connection and that this connection “*might also demonstrate the foreseeability of liability for alleged acts of infringement having the same origin*”. Article 8(1) therefore applied, and the German Court had jurisdiction.

For this reason, the CJEU also noted that when assessing the factual context, greater attention should be paid to the connection between the acts of infringement and the contractual relationship between the defendants, rather than the organisational or capital connections between the companies.

### **Comment**

Not only is this case a reminder of the benefits of obtaining EU trade marks and the ability to obtain a pan-EU injunction but it has arguably slightly lowered the bar for suing multiple defendants in one country. This is all the more useful where there is a tactical reason to select a particular member state to issue proceedings in, be it for cost, timescale or favourability of legal principles.

That being said, it is clear the CJEU were reluctant to commit to extending the position further than these specific facts since it reformulated the question to narrow the scope and focussed on the exclusive distribution agreement. In theory, it could now be argued that sales contracts alone could be sufficient to engage Article 8(1), but this should be approached cautiously. Ultimately the claims against the defendants still need to be sufficiently closely connected and derive from the same factual and legal context that would risk contrasting judgments. Article 8(1) is not a vehicle to avoid matters of jurisdiction and simply move a defendant from its domiciled member state to another by choice.



## Damages

### [Mylan AB v Gilead Sciences Finland Oy & Ors](#)<sup>19</sup>

In this case, the CJEU was requested to make a preliminary ruling concerning whether Article 9(7) of Directive 2004/48/EC (the Enforcement Directive) allowed for Member States to implement a strict liability regime for compensation claims for losses suffered because of provisional measures, which were subsequently revoked.

Article 9(7) of Directive 2004/48/EC provides:

*“Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures”.*

The request had been made in proceedings between Mylan AB, and Gilead Sciences Finland Oy, Gilead Biopharmaceutics Ireland UC and Gilead Sciences Inc. (together, “Gilead”), concerning compensation for losses suffered by Mylan as a result of a provisional measure adopted with regard to it upon the application of Gilead, which was subsequently revoked.

### Background

Gilead obtained a supplementary protection certificate (“SPC”) for an antiretroviral medicine indicated for the treatment of people with HIV. Gilead then subsequently accused Mylan of infringing this SPC by selling generic medicine.

Gilead brought an action before the Finnish Market Court in September 2017 against Mylan for alleged infringement of their SPC, on the basis that Mylan was selling generic medicine. Gilead also filed an application for provisional measures against Mylan.

The Finnish Market Court subsequently granted provisional measures against the marketing and sale of Mylan’s generic medicine in December 2017. These measures were to remain in force until a decision was delivered in the main proceedings or until further notice.

Mylan opposed the infringement action and the application for provisional measures. It also brought an action before that court seeking a declaration of invalidity of the SPC at issue.

In September 2019, the Finnish Market Court found Gilead’s SPC at issue to be invalid. An appeal against the judgment was lodged before the Finnish Supreme Court, which was ultimately rejected in November 2020, with the result that the judgment became final.

Mylan filed an action against Gilead to recover the damages caused by the provisional measures, amounting to approx. EUR 2.4 million. Mylan relied on Paragraph 11 of Chapter 7 of the Finnish Code of Judicial Procedure (transposing Art. 9(7) Enforcement Directive into Finnish law).

According to Finnish case law, Paragraph 11 of Chapter 7 of the Finnish Code of Judicial Procedure provides for strict liability, i.e. there is no need for Mylan to show fault on the side of Gilead. However, in the light of the interpretation adopted by the Court in the judgment in *Bayer Pharma*<sup>20</sup>, the Finnish Market Court requested clarification from the CJEU as to whether a system of compensation based on strict liability may be regarded as compatible with Article 9(7) of Directive 2004/48.



<sup>19</sup> C-473/22, 11 January 2024

<sup>20</sup> C-688/17, 12 September 2019

## The CJEU Decision

The CJEU ruled the following:

*“Article 9(7) of Directive 2004/48 must be interpreted as not precluding national legislation which provides for a mechanism for compensation for any injury caused by a provisional measure, within the meaning of that provision, based on a system of strict liability of the applicant for those measures, in the context of which the court is entitled to adjust the amount of damages by taking into account the circumstances of the case, including whether the defendant played a part in the occurrence of the injury.”*

The CJEU held that the only conditions that must be met to satisfy the provisions of Article 9(7) of Directive 2004/48 are that:

1. Whether the provisional measures have been revoked or have lapsed due to any act or omission by the applicant, or whether there has been no infringement or threat of infringement;
2. It must assess the existence of injury;
3. It must determine whether there is a causal link between that injury and those measures.

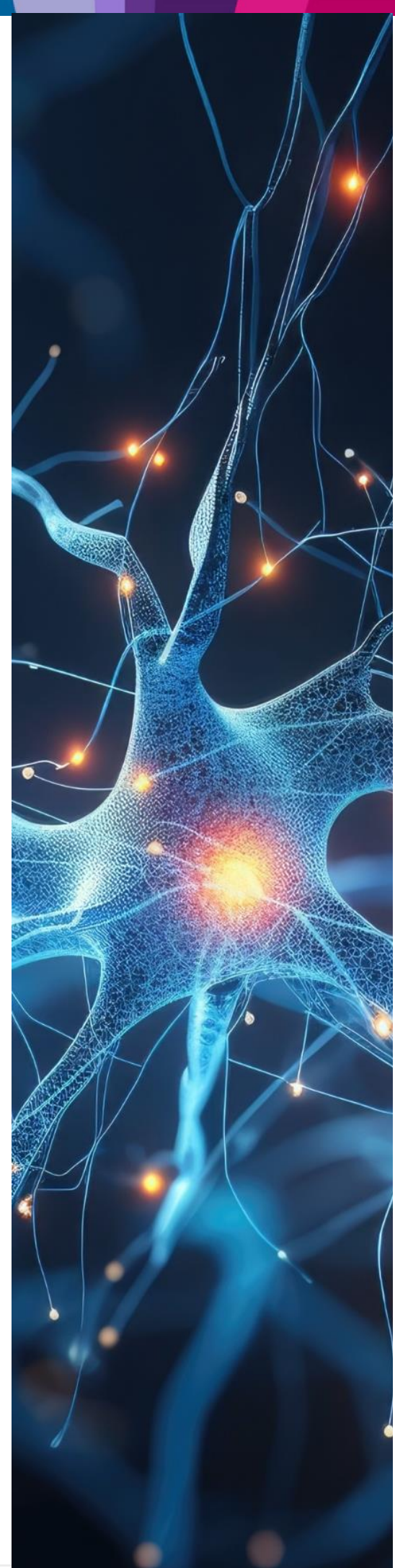
The CJEU reasoned that Article 9(7) of Directive 2004/48 should be interpreted as laying down a minimum standard concerning the enforcement of intellectual property rights while, in principle, leaving the Member States leeway to opt, as the case may be, for a strict liability regime or a fault-based liability regime.

The CJEU clarified that the judgment in *Bayer Pharma* cannot be inferred as meaning Article 9(7) of Directive 2004/48 provides for compensation to be paid to the defendant only in the event of fault on the part of the applicant for the provisional measures. Accordingly, the CJEU found that a strict liability rule was compliant with Art. 3 Enforcement Directive.

### **Comment**

The CJEU's ruling clarifies that *Bayer Pharma* does not exclude strict liability, but simply requires that the circumstances of the individual case must be taken into account when assessing compensation.

The key takeaway for parties considering preliminary measures is the need to carry out a prior review of the validity of their underlying IP right(s). The risk in not doing so is clear, since a preliminary measure that is subsequently lifted will potentially result in a significant damages claim from the defendant.





# Trade Mark Infringement and Passing Off

## Lidl v Tesco<sup>21</sup>

This case is becoming a staple of our Trade Mark Round Ups and we can now report on the Court of Appeal decision that was handed down in March 2024. This ongoing dispute has been hotly contested and generated considerable academic and professional discussion. You are probably familiar with the background, but for good measure we set out a short summary below.



### The High Court Judgment

Lidl Great Britain Ltd (“Lidl”) issued proceedings against its rival supermarket Tesco back in 2020 claiming trade mark infringement, passing off and copyright infringement. Tesco counterclaimed for revocation of Lidl’s UK registered marks (the wordless marks, as below) on the grounds of bad faith pursuant to Section 3(6) of the Trade Marks Act 1994.

#### Lidl’s registered marks

The Wordless Mark	The Mark with Text
	

Tesco’s signs

The CCP Signifier Background	The CCP Signs
	

Tesco had introduced the CCP Signifier Background as part of its ‘price war’ against discounter supermarkets, such as Lidl, in an effort to retain and attract ‘price-conscious customers’ during a

challenging cost of living period. The intention behind the use of the signs was to indicate a lower price for a specific product if a customer had the Tesco Clubcard. It was not intended to serve as indicating that a product had been ‘price matched’ with a competitor, Tesco argued.

The Judgment of Mrs Justice Smith DBE found for Lidl on its claims of trade mark infringement pursuant to Section 10(3) of the Act, passing off and copyright infringement. However, she allowed Tesco’s counterclaim for revocation against three of Lidl’s UK marks, namely the Wordless marks, which had been repeatedly filed in 2002, 2005 and 2007.

### The Court of Appeal Judgment

Tesco sought permission to appeal against the findings of trade mark infringement, passing off and copyright infringement. Lidl appealed against the finding that the registrations of the Wordless Mark were invalid. The trial judge initially refused permission, but permission was latterly granted by Lord Justice Lewison. The appeal was heard before Lord Justices Lewison, Birss and Arnold, with the latter providing the leading and typically detailed (long) judgment. The appeal against trade mark infringement and passing involving questions on the assessment of evidence.

#### Tesco’s appeal against trade mark infringement and passing off

Much of Tesco’s argument before the Court of Appeal focussed on the price-matching allegation. It sought to overturn trial Judge’s finding that the average consumer seeing the CCP signs would believe that the price(s) advertised had been “price-matched” by Tesco against the equivalent Lidl price. It gave rise to the question of whether Lidl’s infringement case under Section 10(3) could succeed if passing off failed, as the unfair advantage claim and passing off claim were based on the price-matching allegation, and whether the detriment claim can succeed if the unfair advantage claim and passing off claim fail. One of Tesco’s arguments was that the Judge should have reached a conclusion based on her own common sense and experience and should have ignored the evidence relied upon by Lidl. But Tesco didn’t object to this evidence, so the Judge was correct in her assessment. Tesco also criticised the Judge’s analysis

<sup>21</sup> [2024] EWCA Civ 262, 19 March 2024



of consumers Lidl had presented, the Vox Populi evidence, and The Source's survey. The key criticism was that the Judge was wrong to conclude that the evidence supported a finding of deception. In considering these criticisms, Arnold LJ focussed on whether the Judge was entitled to find that consumers were led by the CCP Signs to believe that Tesco's Clubcard prices were cheaper than Lidl.

Arnold LJ concluded that the Judge had been immersed in all of the evidence at trial and the Court of Appeal had only the benefit of selected parts of the records. The Judge took into account the general problem of misattribution in the supermarket industry and that the Wordless Mark had become distinctive of Lidl who was known for low prices. Arnold LJ did not take any issue with the Judge's conclusion on price-matching. It followed that Lidl succeeded on unfair advantage as the issue of a change in economic behaviour of consumers stands or falls with the question of price-matching.

Tesco made the same challenge to the Judge's finding on detriment, arguing that the Judge was wrong to find that consumers had changed their economic behaviour. Arnold LJ rejected this argument also, stating that the Judge's finding of a change in economic behaviour was a supportable finding.

Arnold LJ explained that it would be difficult to see how a sign which takes unfair advantage of the reputation of a trade mark could be without due cause. The Judge did not err in her reasoning of law or principle in finding that Tesco could easily have used a different sign to promote Clubcard Prices.

Drawing these strands together Arnold LJ dismissed Tesco's appeal against the finding of passing off. Based on the detriment to distinctive character finding, this also dismissed the trade mark infringement appeal.

#### Lidl's appeal against invalidity of Wordless Mark registrations

Considering Lidl's appeal against the findings of bad faith against its Wordless Marks, the first grounds against the 1995 registration were that the Judge made an error in law by shifting the burden to Lidl to prove good faith. Arnold LJ disagreed. Good faith is assumed, but where there are allegations of bad faith, the burden falls to the applicant to explain its intentions at the time of making the applications. Arnold LJ also

discussed the quality and quantity of evidence adduced to reveal Lidl's intention at the time of the 1995 filing, but these grounds were ultimately dismissed. He also dismissed Lidl's appeal against the remaining registrations which were held to be filed in bad faith.

#### Tesco's appeal against the finding of copyright infringement

Tesco appealed on two grounds: the Judge was wrong to find that Lidl's Stage 3 Work (the yellow circle in a blue square) was original and copyright subsisted in it, and in the alternative, it challenged that the CCP Signs did not reproduce a substantial part. The Court of Appeal agreed with the Judge that the Stage 3 Work did involve free and creative choices such as the size and colours of the yellow circle and blue square, and the circle's position on the square. The degree of creativity might have been low but the result was not dictated by technical considerations, rules or other constraints which left no room for creative freedom. Copyright subsisted. Arnold LJ agreed with Tesco that it had not reproduced a substantial part as Tesco had previously used the specific shade of blue in its corporate livery and yellow circles in its signage.

This, he held, was not copyright infringement and allowed this part of Tesco's appeal. However, with the finding of trade mark infringement and passing off being upheld, Tesco will still be required to undertake a rebrand.

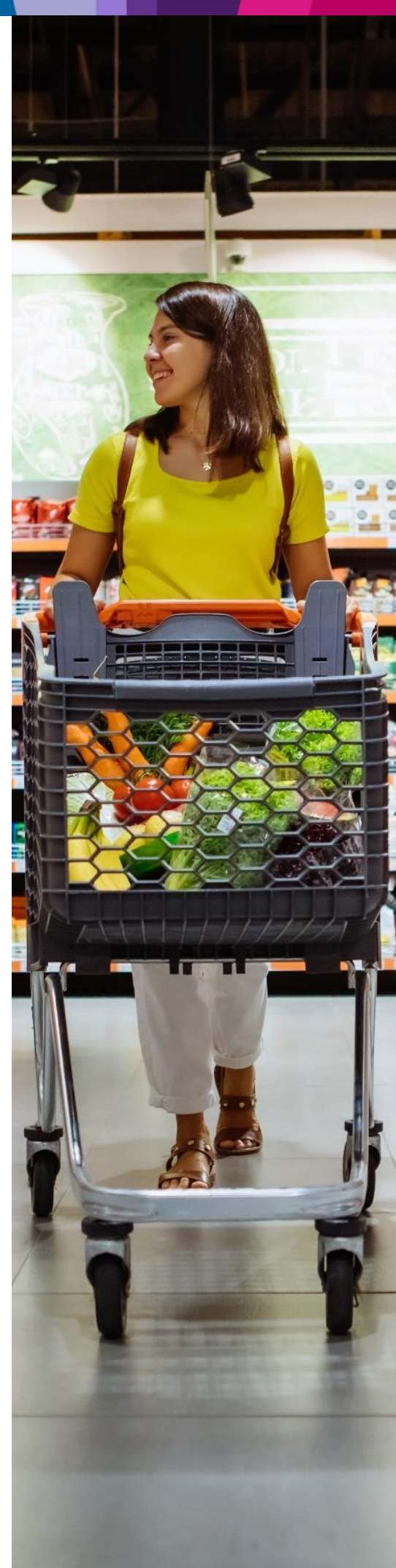
#### **Overall conclusion**

Birss LJ provided a short judgment mostly agreeing with Arnold LJ, however whilst also agreeing Lewison LJ gave a slightly longer supplementary judgment. His primary concern related to the Judge's analysis of the factual evidence, which was not available for the Court of Appeal to overturn. He posited that Tesco's use of the CCP Signs was simply fair competition, with the message being that customers would achieve a better price using the Clubcard at Tesco than customers who had not joined the scheme. His final remarks quoted Lord Bridge of Harwich in *Jif Lemon*, rather scathingly noting that he is constrained by the trial Judge's findings of fact which are not open to challenge and therefore the conclusion cannot be faulted in law.

### Comment

There is no doubt that the Court of Appeal considered the issues thoroughly, and ultimately, did not find the Judge's legal reasoning was "rationally unsupportable". However, they clearly found the findings of fact challenging to agree with, despite not having seen the full suite of evidence, but were nevertheless bound by these findings. Allowing the appeal against copyright infringement was sensible; it would have otherwise created a low bar for demonstrating sufficient creativity and substantial taking. It now provides guidance to brand owners that if the degree of creativity is low, the corresponding scope of protection will be slim.

The interesting point that may come to pass in future Brands v Discounter disputes is the emphasis Lidl placed on the brand recognition and importance of its corporate colours. This argument may potentially be used against the likes of Lidl and Aldi who seek to rely on a brand's get-up in a lookalike dispute.



## Infringement

The landmark Supreme Court ruling in *Lifestyle Equities CV v Amazon UK Services Ltd*<sup>22</sup> ended a long-running legal battle, with Lifestyle Equities various UK and EU trade marks held to be infringed when Amazon offered and sold goods bearing those marks through Amazon's US website. But where does this leave global e-commerce, trade marks and the concept of targeting?

### Background

Lifestyle owns various UK and EU trade marks for the word and logo of 'BEVERLY HILLS POLO CLUB'. The same trade mark in the US, however, is owned by a different company and goods bearing that mark were cheaper in the US than in the UK/EU. The issue, therefore, was whether sales on Amazon's US site, to UK and EU consumers, infringed Lifestyle's UK and EU marks.

### High Court – finds for Amazon

It was ruled in the High Court that Amazon were not infringing Lifestyle's trade marks. The Court held that the goods had been lawfully sold in the US with consent, and the listing of the product was not targeted at consumers in the UK and EU, finding that the average UK consumer who found their way to those product listings on Amazon would have deliberately sought to do so and would have known that they were buying such products from Amazon's US site.

### Court Of Appeal – finds for Lifestyle

This decision was reversed in the Court of Appeal, where it was found that all the advertisements and offers for the sale of the goods constituted use of the relevant signs in both the UK and EU, which infringed Lifestyle's rights. The Court considered several relevant factors, such as statements on the product page, search results indicating delivery and shipping to the UK and the currency of payment being in GBP, all indicating a connection to the UK.

### Supreme Court – finds for Lifestyle

The Supreme Court conducted a fresh analysis of why Amazon's US site was targeting UK and EU consumers and rejected the Court of Appeal's approach that looked at separate example pages,

rather than examining the site and customer experience as a whole.

### The Customer Journey

Simply put, the Court's assessment to determine whether an advertisement or offer for sale was targeted at UK/EU consumers was irrespective of the website operator's subjective intention. What actually matters, say the court, is whether the average user of the site would consider that the goods or services offered are being directly offered to them.

So, let's take you on an online shopping journey from the consumer's perspective as an example.

You're based in the UK and desperately need a new pair of shoes and decide to look at an American online store you've heard about. You hop on their site and see the perfect pair of shoes on the landing page. You know it's an American site, but aren't worried about this, as the top of the page gives you an option to change your choice of currency from USD to GBP. You also notice a British flag next to the wording '*delivery to the UK*'. All is looking good so far and it looks like you'll get these shoes sooner rather than later. You decide to search further and enter the style of the shoes in the search bar, and further entries appear listed with a subheading, '*products available for shipment to the UK*', you select your pair and proceed to the check out. As expected, the shipping price to the UK is mentioned and you're able to process payment with your usual card details. You finalise the purchase in under 10 minutes and will receive your shoes within 3-5 working days. Happy days indeed.

In this case, the Supreme Court found that to the average consumer, the various signposts, targeted advertising, and enticements along the consumer's journey to purchase the product, such as our example above, was targeted at UK and EU consumers.

It did not matter that the number of sales made to the UK and EU were relatively low. The Supreme Court considered it enough that a significant proportion of the relevant consumers would consider the website to be directed and targeted at them, making it fairly easy to unintentionally fall liable for infringement of registered marks outside of their jurisdiction.

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<sup>22</sup> [2024] UKSC8, 6 March 2024



### Key points to remember

As a business or e-commerce platform wishing to avoid falling foul of targeting consumers outside of your chosen jurisdiction, we highlight some key considerations:

Structure your online platforms from the appropriate perspective; would the average consumer (outside of your chosen remit of jurisdiction) feel targeted as a consumer?

- ▶ Consider the substantial details:
  - what is the appearance of the website like.
  - how does it respond to the presence of the consumer.
  - is it possible for a consumer outside of your chosen remit of jurisdiction to actually buy goods and have them delivered to their location of choice.
  - how is this process done.
- ▶ Assess the experience of the consumer from the landing page to the moment of contract and whether there is a connection to their jurisdiction (e.g. are they able to click a button stating "Place your order in GBP").

- ▶ How does the website software interact once it's detected the location of the consumer's IP address.
- ▶ Can consumers only source the products from your site, which is outside of their jurisdiction (leaving a consumer with no choice but to order from you).

### Comment

This judgment is a welcomed decision for trade mark owners, as businesses and e-commerce platforms are reminded of the precedent that, the sale of goods under a sign by a foreign website to a consumer in the UK/EU can constitute use of the sign in the course of trade in the relevant territory and cause infringement.

The emphasis on how crucial the average consumer's perception is in determining where or who your goods are targeted to is also a pertinent takeaway and focus should be on the necessary adjustments needed in order to reduce the risks of being exposed to unwanted trade mark infringement action in the UK or EU.



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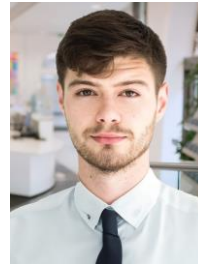
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