

Logaras & Associates

**Intellectual Property
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and competent courts**

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The proprietor of an EU trademark may bring an infringement action against a third party infringing his rights through advertising or offers for sale displayed electronically, before a Court of the Member State within which the consumers [or traders] to whom the advertising and offers for sale are directed, are located, notwithstanding the fact that the infringer is domiciled or took decisions and steps in another Member State to bring about that electronic display.

In the case at hand, the Court of the EU held that a British EU TM applicant may sue a Spanish company, which, allegedly, offered for sale counterfeit products in the English market through its website, irrespective of the fact that the defendant's seat was located in Spain and the website and social media where the offer for sale was displayed, were set up also in Spain.

It should be noted, however, that such action will be limited only to acts of infringement committed in the UK, whereas, had the applicant chosen the Courts of the defendant's seat, the action would cover acts of

infringement committed within the territory of any of the Member States.

In detail

In its decision in case C-172/2018, the Court interpreted Article 97(5) of Regulation No 207/2009 on the Community Trademark (now replaced by Article 125(5) of Regulation 2017/1001 on the EU Trademark) regarding the International Jurisdiction of national Courts of Member States in case of infringement of Community (now EU) trademark.

More precisely, by virtue of the above provision, proceedings regarding infringement actions of EU trademarks, may be brought, not only in the Courts of the Member State

where the defendant is domiciled, but also in the courts of the Member State in which the act of infringement has been committed or threatened.

The applicant (AMS Neve, a company established in the UK) in the main proceedings brought before the Intellectual Property and Enterprise Court in the United Kingdom and owner of EU and national (UK) trademarks, contended that the defendant (Heritage Audio, a company established in Spain), advertised and offered to consumers in the UK, goods bearing a sign identical to their EU and national trademarks. However, the Intellectual Property and Enterprise Court held that it had no jurisdiction to hear the infringement action in so far as that action is based on the EU trademark at issue.

AMS Neve brought an action before the Court of Appeal (England & Wales), which referred to the Court of the EU the question whether the jurisdiction of the Court of a Member State to hear an infringement action may be established when the consumers or traders of that State are targeted by means of electronic display by an undertaking which is domiciled in another Member State and has made decisions and taken advertisement and sale steps in that territory.

First, the Court reminded that rules of Regulation 207/2009 concerning the jurisdiction of EU courts to hear actions claiming an infringement of an EU trademark, have the character of *lex specialis* in relation to the rules provided for by Regulation No 44/2001 (par. 34).

Then, it was clarified that right holders may bring an action either in the courts of the Member State of the alleged infringer's domicile (Article 97(1) of Regulation 207/2009) or in the courts of the Member State in which the act of infringement has been committed or threatened (Article 97(5)). In the first case, the action potentially covers acts of infringement committed throughout the European Union, whereas, when the action is based on Article 97(5), the action is restricted to acts of infringement committed or threatened within a single Member State, namely the Member State where the court before which the action is brought is situated (Article 98(2) of Regulation 207/2009).

Further, the Court reiterated that when infringement actions between the same parties concerning the same trademark relate to different territories, they do not have the same subject matter and are therefore not subject to the rules on *lis pendens* (par. 42).

The Court then proceeded with the clarification of the meaning of the wording ‘*Member State in which the act of infringement has been committed*’, in Article 97(5) of Regulation No 207/2009 and explained, first, why this cannot be interpreted as the place where the defendant took decisions and technical measures to activate a display on a website (for advertising and offer for sale):

- i) undertakings outside EU would rely on the fact that, that advertising and those offers for sale were placed online outside the European Union and would evade the application of Article 9 of Regulation 207/2009;
- ii) Article 97(5) would be deprived of any scope (par. 48) since parties established within the European Union committing an infringement, operating electronically and seeking to prevent the proprietors of infringed EU marks from resorting to an alternative forum, would have to do no more than ensure that the territory where the advertising and offers for sale were placed online was the same territory as that where those parties are established (par. 50), and
- iii) in many cases, it is excessively difficult, or even impossible, for the applicant to identify the place where the defendant took decisions and technical measures to activate a display on a website (par 51).

In contrast, the Court explained that Article 97(5) must be interpreted in combination with the meaning of acts specified in Article 9(2)(b) and (d) of that article, “*consisting of advertising and offers for sale under a sign identical to the mark at issue, and those acts must be held to have been ‘committed’ in the territory where they can be classified as advertising or as offers for sale, namely where their commercial content has in fact been made accessible to the consumers and traders to whom it was directed. Whether the result of that advertising and those offers for sale was that, thereafter, the defendant’s products were purchased is, however, irrelevant*” (par. 54).

Conclusion

Accordingly, in circumstances where the advertising and offers for sale (be means of electronic display) were targeted at consumers or traders situated at a Member State, the right holders have the right to bring, on the basis of Article 97(5) of Regulation No 207/2009, their infringement action before a court of that State, notwithstanding that the third party took decisions and steps in another Member State to bring about that electronic display.

Konstantinos Logaras

T. +30 210 36 27 222

E. k.logaras@logaraslaw.com

Logaras & Associates

4 Vissarionos Street
Athens, 106 72 Greece
www.logaraslaw.com

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