

CJEU Decision on Geographical Extent of CTM Reputation

1. “A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:
...
(c) any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a **reputation in the Community** and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark” (emphasis added).

On 3 September 2015 the CJEU issued its Decision in Case C-125/14. The Decision answered questions referred from the Hungarian Intellectual Property Office seeking to clarify, in particular, the geographical extent of reputation required for CTMs to constitute “a reputation in the Community”.

Case Detail and Questions Referred

The Hungarian IPO refused registration of a Hungarian national mark applied for by Iron & Smith Kft for a figurative colour mark “be impulsive”, following an opposition by Unilever NV based, amongst other things, on an alleged reputation “in the Community” in its earlier CTM for IMPULSE. Iron & Smith challenged the refusal: Was Unilever really entitled to claim a reputation “in the Community” based on a reputation only in the UK and Italy (where evidence showed its products to represent 5% and 0.2% of the respective markets)? Unilever had failed to prove, in the opposition proceedings, that its trade marks were widely known in Hungary.

The Hungarian IPO referred four questions to the CJEU (paraphrased in part):

- Q.1. Is a reputation in one Member State sufficient to show reputation in the Community, including where the national trade mark application which has been opposed on the basis of such a reputation has been lodged in a country other than that Member State?
- Q.2. May the principles laid down by the CJEU regarding genuine use of a Community trade mark be applied in the context of the territorial criteria used when examining the reputation of such a mark?
- Q.3. If the proprietor of an earlier CTM proves that the mark has a reputation in countries other than the Member State in which the national trade mark application has been lodged - which cover a substantial part of the territory of the EU - may he also be

required, notwithstanding that fact, to adduce conclusive proof in relation to that Member State?

- Q.4. If the answer to (3) is no, bearing in mind the specific features of the internal market, may a mark used intensively in a substantial part of the EU be unknown to the relevant national consumer and therefore the other condition for the ground precluding registration in accordance with Article 4(3) of Directive 2008/95 not be met, since there is no risk of detriment to, or unfair advantage being taken of, a mark’s repute or distinctive character? If so, what facts must the Community trade mark proprietor prove in order for that second condition to be met?

Comment

The CJEU answered the four questions as follows:

A.1. The concept of reputation assumes a degree of knowledge amongst the relevant public and is considered reached when the CTM is known by a “significant part of the public concerned by the products or services”. Relevant factors to be considered include the market share held by the mark, the intensity, geographical extent and duration of use and the size of promotional investment. Territorially, there is a reputation in the Community when the CTM has a reputation in a “substantial part of the territory of the Community and such a part may, in some circumstances, correspond to ... a single Member State”.

A.2. The CJEU stated that the requirements for reputation and genuine use are not the same. There are different objectives behind the requirements for the two issues and the criteria laid down by case law on genuine use are not relevant to an assessment of reputation in the Community.

A.3. Following A.1., it is not necessary to produce evidence of reputation in the Member State in which a later national application, the subject of an opposition, has been filed (in this case Hungary).

A.4. This question goes to the heart of the matter: Even if a reputation can be established in a substantial part of the EU and thus “in the Community”, if the mark is unknown to the relevant public in the Member State of the national opposition proceedings (in this case Hungary), how can the national applicant be taking unfair advantage of, or causing detriment to, the distinctive character or repute of the CTM? In this regard the CJEU stated that a CTM may nevertheless benefit from the protection under Article 4(5) of the Directive “where it is shown that a commercially significant part of that public is familiar with that mark, makes a connection between it and the later national mark, and that there is, taking account of all the relevant factors in the case, either actual and present injury to its mark, for the

purposes of that provision or, failing that, a serious risk that such injury may occur in the future. The Court goes on to note that such injury will be more likely the more “immediately and strongly the earlier mark is brought to mind”.

The case has now gone back to the referring office so we will need to wait and see how the Hungarian IPO applies it. It is not clear what evidence will be required to prove the public familiarity, connection and injury discussed by the CJEU. The Decision here on reputation contrasts with the case law that is developing both at EU and national level on the question of genuine use of a CTM where use in a single Member State may not be considered

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sufficient. For reputation Case C-125/14 provides a two-step test: A CTM owner does not have to show a reputation throughout the EU in order to rely on the extended rights afforded to marks with a repute under Article 4(3) of the Directive. A reputation in a “substantial part of the territory of the European Union” is sufficient, and this may even coincide with a single Member State. However, where a CTM proprietor has established that its mark has a reputation in the Community and seeks to rely on its reputation to attack a national trade mark in a territory in which it has no reputation, proof will be required of an actual and present, or serious risk of, injury to its mark resulting from use of the later national mark.

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