



## Trade marks update

This update summarises the main trade mark judgments of the Court of Justice of the European Union from the last twelve months. Although perhaps none are radical, certain provide useful legal and practical guidance, whilst others lay the ground for potentially interesting national decisions.

The judgments have been classified into four broad categories: (i) those relating to exotic marks; (ii) two decisions with important practical consequences for brand owners; (iii) two judgments which consider “unfair advantage taking”; and finally (iv) two decisions considering the admissibility of evidence submitted out of time to OHIM.

### ***Exotic Marks***

Technology giant Apple applied for a German 3D mark showing the layout of its retail store<sup>1</sup>.



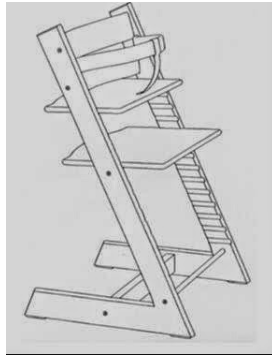
Apple had obtained an equivalent US mark, but the German registry rejected its application. Apple accordingly applied to the CJEU for a preliminary ruling on the issue. The CJEU held that a mark for the layout of a retail store is, in principle, registrable, provided that it distinguishes the goods of one undertaking from those of another, for example because the depicted layout departs significantly from the norm or customs of the economic sector concerned. Such a mark can be registered both for the goods sold by the retailer and for services that do not form an integral part of the offer for sale of those goods, such as educational services, if demonstrations or seminars will be given in the store.

A 3D mark was also at issue in the dispute between the children’s furniture manufacturers Stokke and Hauck, namely Stokke’s mark for its “Tripp Trapp” highchair<sup>2</sup>.

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<sup>1</sup> Apple Inc v. Deutsches Patent- und Markenamt [2014] EUECJ C-421/13,

<sup>2</sup> Hauck GmbH & Co KG v Stokke A/S [2014] EUECJ C-205/13



In the underlying proceedings in Holland, the first instance court had found that “the attractive appearance of the chair gave it a substantial value and that its shape was determined by the very nature of the product - a safe, comfortable, reliable children’s chair”. It therefore found the mark invalid pursuant to Article 3(1)(e) of the old trade marks directive<sup>3</sup>, which establishes that certain signs are not registrable as marks, including those which consist exclusively of any shape which results from the nature of the goods themselves or which gives substantial value to the goods. The case was referred to the CJEU.

Amongst other findings, the CJEU held that the prohibition against signs which consist exclusively of a shape which results from the nature of the goods themselves was relatively broad. In particular, it was not limited only to “natural” products (said to be those which have no substitute) and “regulated” products (or those whose shape is prescribed by legal standards). It could also cover a sign “which consists exclusively of a product with one or more essential characteristics which are inherent to the generic function or functions of that product and which consumers may be looking for in the products of competitors”. It will be interesting to see how this is applied by the Dutch courts, but it would seem that the Tripp Trapp’s essential characteristics are inherent to its functions of being a reliable, safe and comfortable children’s chair.

The third decision relates to a colour mark<sup>4</sup>. DSGV, a German bank, owns a German contourless red colour mark in respect of various retail banking services, which it obtained in 2006, having submitted evidence to the German registry showing that its mark (i.e. the colour red for retail banking services) had a degree of acceptance of 67.9% in the trade circles concerned. It brought infringement actions against Oberbank, another German bank, and Santander, who responded with counterclaims for invalidity. Santander is, of course, well known in Spain and the UK for having a red logo, but is a comparatively new entrant to the German market. DSGV, on the other hand, has been operating in Germany since the 1960s.

The German Federal Court referred various questions to the CJEU. First, German law required applicants for colour marks to show that - by the time of the proceedings - at least 70% of the relevant consumers recognised the colour as being the sign of the undertaking in question. The CJEU, siding with the arguments of the UK government, the Commission and DSGV, but against those of the Spanish and Polish governments, held that such a precondition for registration is unacceptable, even if national registries may refer to opinion surveys where they have had particular difficulty in assessing the distinctive character of a mark. Secondly, Article 3(3) of the Trade Marks Directive<sup>5</sup> allows Member States to exercise an option to allow applicants to rely on evidence of acquired distinctiveness obtained after the filing date of the mark. The UK has exercised this option. Germany, however, has not.

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<sup>3</sup> Directive 89/104/EEC. Repealed by Directive 2008/95/EC which contains an equivalent provision.

<sup>4</sup> Oberbank and others v. Deutscher Sparkassen- und Giroverband eV [2014] EUECJ C-217/13 and C-218/13

<sup>5</sup> Directive 2008/95/EC

The CJEU held that the relevant date for assessing acquired distinctiveness in such states, is therefore, the date of filing of the trade mark. For DSGV, this means acquired distinctiveness will be assessed as at 2002.

### ***Decisions with Practical Relevance to Brand Owners***

*Martin Blomqvist v. Rolex SA*<sup>6</sup> is significant for all brand owners threatened by counterfeiters. It confirms that Customs officials may seize any counterfeit goods sold to a customer in a Member State, even where the customer has bought the goods for his or her personal use and where the seller was not directly advertising to customers based in the EU. Mr Blomqvist, a Danish resident, purchased a watch described as a Rolex from a Chinese online shop. The watch was shipped from Hong Kong and seized by Danish Customs. Rolex demanded the destruction of the counterfeit watch but Mr Blomqvist refused to consent, claiming that he had purchased it legally. As Mr Blomqvist had bought the watch for personal use, he was not liable for copyright or trade mark infringement under local law.

The CJEU did not agree. It held that where goods are sold to a resident in a Member State through an online sales website in a non-member country, the rights holder will enjoy the protection afforded under EU law to those goods at the point when they enter the territory of the Member State merely by virtue of their acquisition. It is not necessary, in addition, for the goods to have been the subject, prior to the sale, of an offer for sale or advertising targeting consumers based in that state.

A second case provides a useful reminder of the need for trade mark owners to guard against their marks becoming generic<sup>7</sup>. The claimant produced and sold its baking mix to bakers under the mark "KORNSPITZ". These bakers rarely made it known to consumers that the sign used to designate the product was a registered trade mark. The defendant, a competitor, applied to revoke it, on the ground that "Kornspitz" was a common name for the product, namely an oblong bread roll with points at both ends.

Under Article 12(2)(a) of the Trade Marks Directive<sup>8</sup>, a mark can be revoked when it has become the common name for a product or service as a result of the acts or inactivity of the proprietor. The key issue was whose view matters - that of traders or the end users? The CJEU held that whilst the view of traders was important, the view of the end user of a product was decisive. Further, the court found that if a trade mark owner does not encourage sellers to make more use of the mark in marketing a product, this may be interpreted as "inactivity". Finally, it is irrelevant when assessing if a mark has become generic, whether there are alternative names for the product or service in question.

The CJEU noted that the concept of "inactivity" encompassed all activity, or inactivity, by which the trade mark owner showed that he is not sufficiently vigilant as regards the preservation of the distinctive character of his mark. Whilst each case will depend on its facts, it was stated that "inactivity" goes further than deciding not to sue for infringement.

### ***Unfair Advantage Taking***

*Environmental Manufacturing LLP v OHIM and Société Elmar Wolf*<sup>9</sup> involved a figurative mark representing a wolf's head for waste processing machines. The proprietor of figurative marks for "WOLF jardin" and "Outils WOLF" opposed the application. The Board of Appeal agreed that the mark applied for might dilute the unique image of the earlier marks and take unfair advantage of their distinctive character or reputation. On appeal, the claimant argued the other side had not shown sufficient proof of a change (or serious likelihood of such change) in the economic behaviour of the average consumer of the goods

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<sup>6</sup> [2014] EUECJ C-98/13

<sup>7</sup> *Backaldrin Österreich The Kornspitz Company v Pfahnl Backmittel GmbH* [2014] EUECJ C-409/12

<sup>8</sup> Directive 2008/95/EC

<sup>9</sup> [2013] EUECJ C-383/12

protected by the earlier mark. The CJEU held that detriment “cannot be established” without such proof. Even if actual detriment does not need to be proved, at a minimum “the serious risk of such detriment” must be demonstrated. Showing such a risk cannot be done on the basis of “mere suppositions”, but must be, in line with previous cases<sup>10</sup>, “founded on an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all other circumstances of the case”. The CJEU set aside the judgment of the General Court and referred the matter back to it.

A second case focussed on an exception to unfair advantage taking, namely where the alleged infringer has “due cause” for its behaviour<sup>11</sup>.

Red Bull is the owner in the Benelux countries of the word and figurative mark “Red Bull Krating - Daeng”, registered on 11 July 1983, for various goods including non-alcoholic drinks. Mr de Vries is the proprietor in the Benelux countries of (i) the word and figurative mark “The Bulldog” registered on 14 July 1983; (ii) the word mark “The Bulldog” registered on 23 December 1999; and (iii) the word and figurative mark “The Bulldog Energy Drink” registered on 15 June 2000. It was common ground that Mr de Vries had used the sign “The Bulldog” in relation to hotel, restaurant and café goods and services, including the sale of drinks, before the Red Bull mark had acquired its reputation. Red Bull brought an action in Holland, seeking to prevent Mr de Vries from producing and marketing energy drinks labelled “The Bulldog” or otherwise with the word “Bull”.

Did Mr de Vries have “due cause” for his use of “The Bulldog”, given his earlier use? The CJEU held that the concept of “due cause” was not limited only to objectively overriding reasons. The referring court must take into account: (i) how the defendant’s sign has been accepted by, and what its reputation is with, the relevant public; (ii) the degree of proximity between the goods and services for which the sign was originally used and the product for which the mark with a reputation was registered; and (iii) the economic and commercial significance of the use for that product of the sign which is similar to that mark. The CJEU commented that Mr de Vries’s sale of energy drinks might not be an attempt to take advantage of Red Bull but might be a genuine extension of his brand.

### ***Late Filing of Evidence***

The CJEU considered late filed evidence in two cases. In the first, it admitted late evidence of genuine use of the mark. The trade mark owner had filed some initial evidence within time, and when doing so, had offered to provide the further information which it then sought to rely on (out of time) following OHIM’s rejection of its application<sup>12</sup>. On the other hand, in *Rintisch v OHIM*<sup>13</sup>, the CJEU ruled that although OHIM does have discretion to admit late-filed evidence, in the circumstances, the additional evidence was inadmissible. Mr Rintisch had filed an application of opposition on the basis of earlier registered rights. After the Board of Appeal found his initial evidence was insufficient, he tried to submit further documents. He had, however, been in possession of the additional documents six months before the expiry of the time limit and had not explained why he had withheld them.

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<sup>10</sup> e.g. *Citigroup and Citibank v. OHIM* [2008] ECR II-669.

<sup>11</sup> *Leidseplein Beheer BV and Hendrikus de Vries v Red Bull GmbH and Red Bull Nederland BV* [2014] EUECJ C-65/12

<sup>12</sup> *Centrotherm Systemtechnik GmbH v OHIM and Centrotherm Clean Solutions GmbH* [2013] EUECJ C-609/11

<sup>13</sup> [2013] EUECJ C-121/12