



Recent developments in European trademark and design law

Part I – Topical issues in trademark and unfair competition law



11th **GRUR** meets Brussels Workshop

Recent developments in European trademark and design law

13 June 2023

Brussels

Potential obstacles against timely and efficient enforcement of EU trademarks

Prof. Dr Ulrich Hildebrandt



Overview

- Later national marks under Art. 16 EUTMR
- Jurisdiction in EU trade mark actions
- Suspension of infringement proceedings
- Suspension in case of counterclaim
- Conversion



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Later national marks



Art. 16 (2) EUTMR

In infringement proceedings, the proprietor of an EU trade mark shall not be entitled to prohibit the use of a later registered national trade mark where that later registered national trade mark would not be declared invalid pursuant to Article 8 or Article 9(1) or (2), or Article 46(3) of Directive (EU) 2015/2436 of the European Parliament and of the Council [TMD].

Art. 24 No. 4 Brussels I

The following courts of a Member State shall have *exclusive jurisdiction*, regardless of the domicile of the parties:

4. in proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, irrespective of whether the issue is raised by way of an action or as a defence, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of an instrument of the Union or an international convention deemed to have taken place.



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Wording of Art. 125 (5) EUTMD: „Member State in which the act of infringement has been committed“

The place

- where the act of infringement has been committed or
- where the damage occurred?

CJEU C-360/12 v. 5.6.2014 Coty/First Note Perfumes

BGH I ZR 164/16 v. 9.11.2017 Perfume brands -> overall assessment

CJEU C-172/18 v. 5.9.2019 AMS Neve -> in a Member State where consumers and traders to whom those advertisements or offers for sale are directed are located, even though the third party took the decisions and measures in respect of that electronic advertisement in another Member State



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Stay of the Proceedings





Art. 132 EUTMR

(1) An EU trade mark court hearing an action referred to in Article 124 other than an action for a declaration of non-infringement shall, *unless there are special grounds* for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, *stay the proceedings* where the validity of the EU trade mark is already in issue before another EU trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.

§ 148 German ZPO is much more plaintiff-friendly



Stay of the Proceedings in Counterclaims

Gerechtshof Den Haag
ECLI:NL:RBDHA:2020:12250
of 28.9.2021

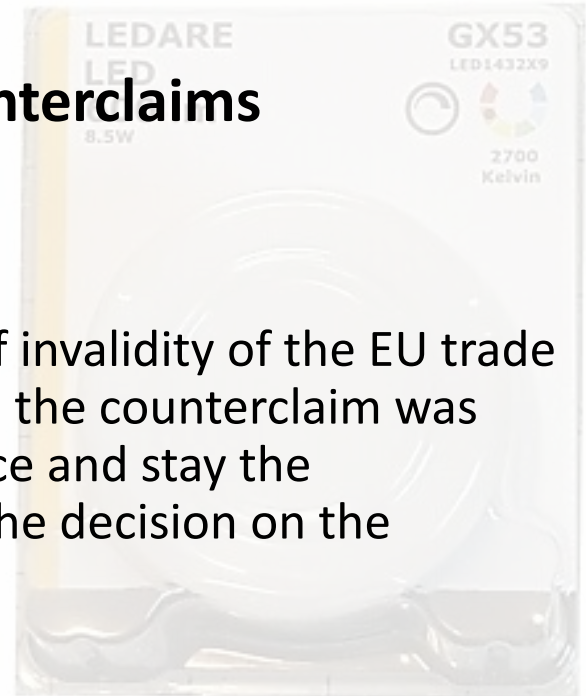
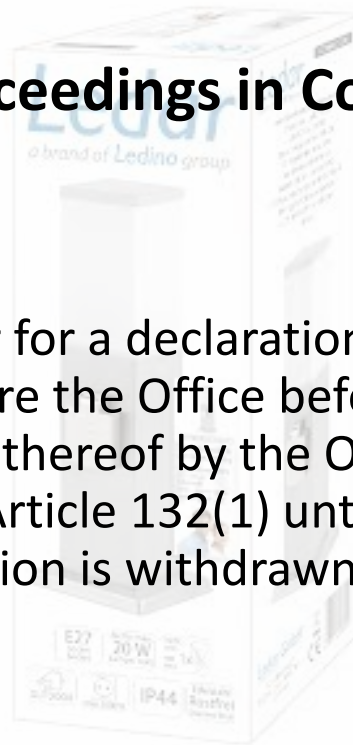




Stay of the Proceedings in Counterclaims

Art. 128 (4) (3) UMRV:

If an application for revocation or for a declaration of invalidity of the EU trade mark had already been filed before the Office before the counterclaim was filed, the court shall be informed thereof by the Office and stay the proceedings in accordance with Article 132(1) until the decision on the application is final or the application is withdrawn.





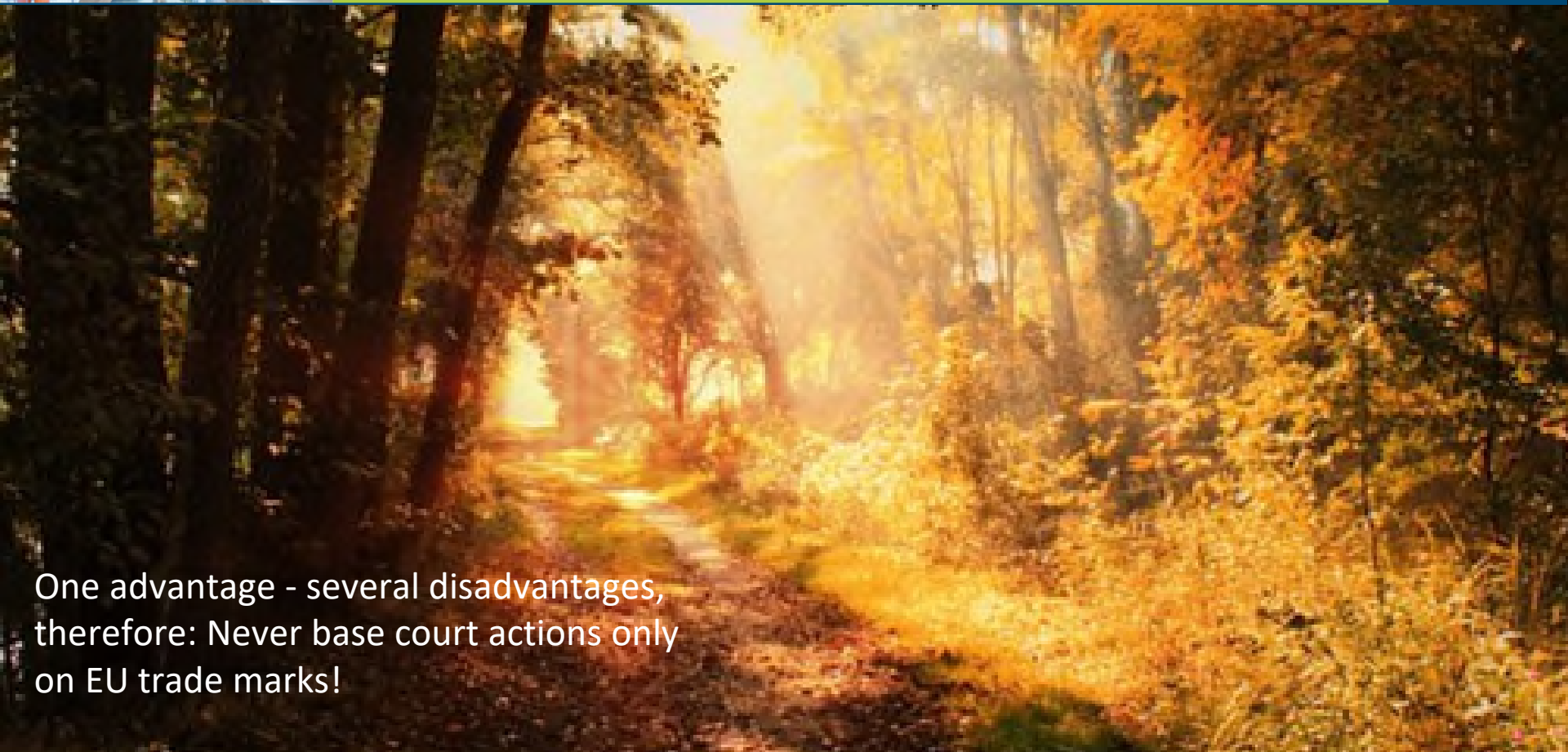
Art. 37/139 EUTMD
BGH 23.09.2015 - I ZR
15/14 Amplicect/Ampliteq
Cancellation request
based on French
("amplification")
Conversion
Damages
Procedural continuity
Credit securities





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One advantage - several disadvantages,
therefore: Never base court actions only
on EU trade marks!



Improved transparency for online consumers - does it have an impact on trademark law?

Andreas Lubberger, Berlin

Why this topic?

- Where do we stand in regard to online brand protection?
- We don't know
- Our trademark laws are designed for the offline world (see, for example, Article 9 (3) EUTMR)
- We have no specific rules for trademark protection in the online world
- At least we have the New Deal for Consumers dealing inter alia with online issues

A brief look back

Ideals of the 1990ies

The World is a Village

Free Flow of Information on the Data Highway

No restrictions!

- E-Commerce Directive 2000/31 (EC) of June 8, 2000 functions somewhat as a „constitution“ of the new digital economy
- Broad consensus that the digital economy will create a new „information society“ (quoted already in the title and 64 times in the text of the ECD)
- Broad consensus that activities of the digital economy qualify as sharing of information and therefore benefit from the freedom of expression (see rctl. 9 ECD)
- The privileges under Articles 12 – 15 exempt a wide range of ISPs from liability which otherwise might have taken place
- The caveat under para 42 of the recitals („*mere technical, automatic and passive nature*“ of the services), remains unnoticed

No restrictions!

ECJ Google France (C-236 – C-238/08) builds a protective shield for keyword advertising as a source of income for ISPs:

- (1) The initial question of the cour de cassation in all three cases on trademark use by Google remains unanswered
- (2) Attention is given only on the activities of the advertiser
- (3) The possible liability of the advertiser is used as an argument for excluding the liability of Google
- (4) The obvious affection of the advertising-function is rejected with weak arguments
- (5) Even very well known brands cannot invoke anything else but the origin function

A piece of liability

Guidance from ECJ L'Oréal/Ebay (C-324/09) :

- In the case of keyword advertising of a platform operator for the offers displayed on the platform, the operator is using the protected mark by himself (para 85 et seq)
- The exemption from liability for host providers does not take place in the case of an „active role“ of the host provider (para 113)
- Even in the absence of an „active role“, an intermediary may be held liable if it is aware of facts or circumstances which a diligent operator should take as an alert for an expeditious removal of illegal content (para 124)
- Injunctions against ISPs based on Article 11 Enforcement Directive are exempted from the privileges conferred by the ECD and must be available under national laws

A big step forward

Article 17 (4) DSM-Directive 2019/790 (EU):

4. If no authorisation is granted, online content-sharing service providers shall be liable for unauthorised acts of communication to the public, including making available to the public, of copyright-protected works and other subject matter, unless the service providers demonstrate that they have:

- (a) made best efforts to obtain an authorisation, and
- (b) made, in accordance with high industry standards of professional diligence, best efforts to ensure the unavailability of specific works and other subject matter for which the rightholders have provided the service providers with the relevant and necessary information; and in any event
- (c) acted expeditiously, upon receiving a sufficiently substantiated notice from the rightholders, to disable access to, or to remove from their websites, the notified works or other subject matter, and made best efforts to prevent their future uploads in accordance with point (b).

Another big step into a different direction

Digital Services Act, Regulation 2022/2065 (EU):

- Preservation of ECD
 - No general monitoring obligation
 - No Duty of Taking Care
- Notice and stay down for platforms
- Know your business customer as a general policy, but not for online brand protection
- Additional transparency obligations for platforms and very large platforms

Economic Background

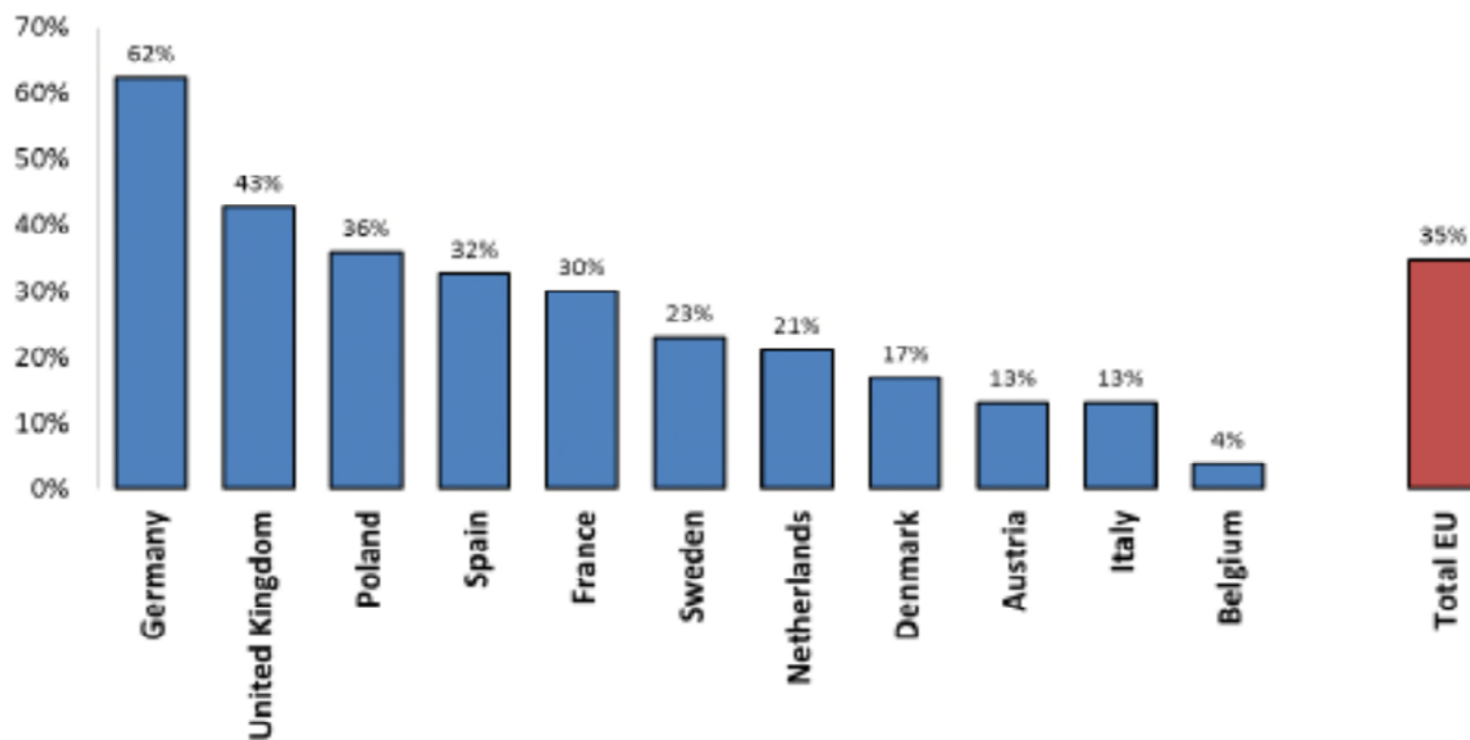
Platforms

Figure 1 Examples of online intermediaries

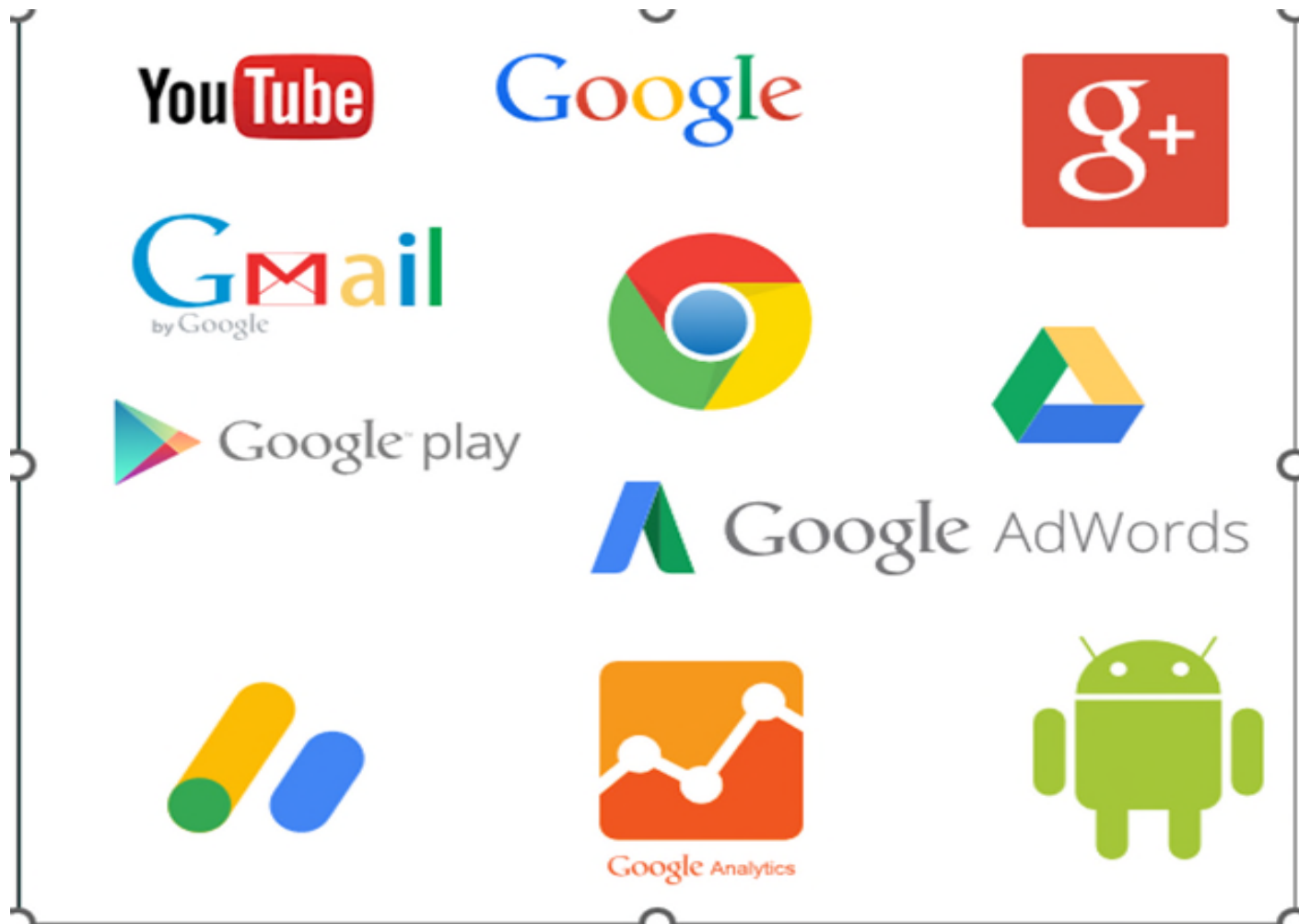
	E-commerce platforms	Social networks	Search providers	Entertainment	Comparison tools/agents	Other
European-based companies						
US-based companies						

Platforms

Figure B. 59: Proportion of retailers in each Member State that use marketplaces²⁷⁰



Google



Google Adwords

- “Alphabet is a collection of businesses — the largest of which is Google.”
- “Brand advertising helps enhance users' awareness of and affinity for advertisers' products and services, through videos, text, images, and other interactive ads that run across various devices. “
- “Google Services generates revenues primarily by delivering both performance and brand advertising that appears on Google Search & other properties, YouTube, and Google Network partners' properties.”
- “For brand advertising, we recognize revenues when the ad is displayed, or a user views the ad.”

Google Advertising Services

- Alphabet Annual Turnover in 2022
282,846 Bn \$
- Google Advertising Services in 2022
224,473 Bn \$
- The share of advertising in the Alphabet businesses
79,3 %

Amazon



Amazon Adwords

“(...) Amazon’s Advertising business is uniquely effective for brands, which is part of why it continues to grow at a brisk clip. Akin to physical retailers’ advertising businesses (...), **our sponsored products and brands offerings have been an integral part of the Amazon shopping experience for more than a decade.** However, unlike physical retailers, Amazon can tailor these sponsored products to be relevant to what customers are searching for given what we know about shopping behaviors and our very deep investment in machine learning algorithms. This leads to advertising that’s more useful for customers; and as a result, performs better for brands.”

Amazon Advertising Services

- Amazon Annual Turnover in 2022
513,983 Bn \$
- Revenue from Advertising Services
33 Bn \$
- The share of advertising in the Amazon businesses
6,4 %
- Growth YoY in 2022: 25%

Interplay between Consumer Protection and Trademark Law

The Average Consumer

ECJ Lloyd (of June 22, 1999, C-342/97) para 25:

„The wording of Article 5 (1)(b) of the Directive – „.....*there exists a likelihood of confusion on the part of the public*“ – shows that the perception of marks in the mind of the average consumer of the category of goods or services in question plays a decisive role in the global appreciation of the likelihood of confusion“

The Average Consumer

UCP Directive 2005/29/EC recital 18:

“In line with the principle of proportionality, and to permit the effective application of the protections contained in it, **this Directive takes as a benchmark the average consumer**, who is reasonably well-informed and reasonably observant and circumspect, taking into account social, cultural and linguistic factors, as interpreted by the Court of Justice, but also contains provisions aimed at preventing the exploitation of consumers whose characteristics make them particularly vulnerable to unfair commercial practices.”

Improved Transparency Obligations

Request for Transparency

ECJ Google France Google France (C-236 – C-238/08) para 86:

“The function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive internet users, **or enables them only with difficulty**, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party”

Legislative Steps

- April 11, 2018: EU Commission announces New Deal for Consumers
- June 20, 2019: (2B) Regulation (EU) 2019/1150 on promoting fairness and transparency for business users of online intermediation services
- November 27, 2019: (Omisbus) Directive (EU) 2019/2161 as regards the better enforcement and modernization of Union consumer protection rules
- October 19, 2022: Regulation (EU) 2022/2065 on a Single Market for Digital Services (Digital Services Act)

Platform to Business Regulation

- Enhanced transparency for platform-users in regard to:
 - General Terms and Conditions
 - Restriction, suspension and termination of access to the platform services
 - Main parameters determining ranking
 - Description of differentiated treatment
 - Access to data
- No direct effect on either consumers or right-holders

Omnibus Directive

- Enhanced transparency for platform-visitors in regard to:
 - Identity and character of sellers on online marketplaces
 - Ranking of offers on online marketplaces
 - Distinction of genuine search results and sponsored ads in search engines
 - Transparency about consumer reviews
- Strong Indication for the consumers-perception of sales offers
- Failure of compliance gives rise to a (rebuttable) presumption that consumers are in a risk of confusion

Digital Services Act (1)

- Broad definition of „illegal content“ in Article 3 (h); no specific IP-protection
 - No improvement for online brand protection
- Liability of host providers vis a vis right holders under Article 6 (1), (2) and (4) in line with Article 14 (1), (2) and (3) ECD
 - No improvement for online brand protection
- Exclusion of monitoring obligation under Article 8 in line with Article 15 (1) ECD
 - No improvement for online brand protection

Digital Services Act (2)

- Annuals performance report of host providers in regard to notices of alleged infringement according to Article 15 (1)(b)
 - May be used to underpin damage claims based on negligence
- Establishment of NTD-mechanisms; Article 16
 - May – in the case of failure - support claims aiming on an injunction according to Article 11 (3rd sentence) Enforcement Directive
- Establishment of complaint handling systems; Article 20
 - May – in the case of failure - support claims aiming on an injunction according to Article 11 (3rd sentence) Enforcement Directive

Digital Services Act (3)

- Access to out of court settlement, Article 21
 - May – in the case of failure - support claims aiming on an injunction according to Article 11 (3rd sentence) Enforcement Directive
- Establishment of trusted flagger expedited response-systems, Article 22
 - May – in the case of failure - support claims aiming on an injunction according to Article 11 (3rd sentence) Enforcement Directive
- Transparency of advertisements, Article 26
 - May – in the case of failure - support claims against placing sponsored ads in the results of search engines

Liability of Hybrid Platforms

CJEU Louboutin vs Amazon (C-148/18 and C-184/18),
para 54:

In the light of all the foregoing considerations, the answer (...) should be that Article 9(2)(a) of Regulation 2017/1001 must be interpreted as meaning that the operator of an online sales website incorporating, as well as that operator's own sales offerings, an online marketplace **may be regarded as itself using a sign** (...) , if a well-informed and reasonably observant user of that site (...) may have the impression **that that operator itself is marketing, in its own name and on its own account, the goods bearing that sign.**

Thank you, we're
through