

## When does a court have jurisdiction over pan-EU trade mark rights?

4 January 2017 by Anna Carboni & John Colbourn

*AMS Neave Limited & Others v Heritage Audio S.L. & P.R. Arribas 18 October 2016*

### Introduction

The Intellectual Property Enterprise Court has held that, whilst it had jurisdiction to hear claims for infringement of national UK registered trade marks and for passing off in respect of acts committed online by defendants established and domiciled in Spain, it did not have jurisdiction to hear claims for infringement of an EU registered trade mark based on the same alleged acts.

### Background

The claimants owned two UK national registered trade marks and one EU registered trade mark, and claimed goodwill in the United Kingdom in a particular sign. The defendants were a Spanish company and its director. The defendants operated a website which the claimants contended infringed its rights in the UK. The defendants brought an application for a declaration that the English court did not have jurisdiction to try the claims.

The decision involves a careful analysis of the interpretation given to the jurisdiction provisions of the Regulation (EU) No. 1215/2012 of 12 December 2012 (often referred to as the 'Judgments Regulation', the 'Re-Cast Brussels Regulation' or 'Brussels I' (we will use "Brussels I" for brevity) and the relevant provisions in Council Regulation (EC) No. 207/2009 on the EU Trade Mark, as amended by Regulation (EU) 2015/2424, (which will be referred to as the "EUTM Regulation").

### Brussels I – UK Trade Marks and Passing Off

The judge, His Honour Judge Hacon, considered the interpretation of Article 7(2) of Brussels I. This provision provides a derogation from the standard position in Article 4(1) of Brussels I (that persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State). The derogation is that a person domiciled in a Member State may be sued "*in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur*". Case law of the Court of Justice of the EU ("CJEU") has established that the expression 'place where the harmful event occurred or may occur' covers both (a) the place where the damage occurred and (b) the place of the event giving rise to the damage. If such places are in different Member States, the defendant may be sued in the courts of either Member State (see, Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] E.T.M.R. 49, at [46]).

Where the tort concerns a national intellectual property right, the 'place where the damage occurred' will be the Member State in which the protection is conferred. Whether there is damage will be a matter for the national court to determine, but the court would have jurisdiction to hear claims for infringement of such rights under Article 7(2) of Brussels I.

Determining the 'place of the event giving rise to the damage' is more nuanced, and will depend on what constitutes the relevant act. In one of the leading cases from the CJEU, C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH* [2012] E.T.M.R. 31, the place where the relevant acts took place was also the Member State in which the defendant was established. However, Judge Hacon considered that there could be instances where this was not always the case. For example, a defendant could be established in Member State A, but might have taken the relevant decision to act whilst in Member State B, leading to a physical act committed in Member State C. The Judge noted that the relevant consideration behind this test is to establish the place most likely to facilitate the taking of evidence and the conduct of the proceedings.

On the facts in this case, the court held that the statements of case disclosed an arguable case in relation to the defendants having advertised, offered for sale or sold goods by reference to the sign complained of in England. Therefore, in relation to the UK trade marks and passing off claims, given that the rights relied on were national rights, the court held that it had jurisdiction as being the 'place where the damage occurred', under Article 7(2) of Brussels I.

### **EUTM Regulation – EU Trade Mark**

The EUTM Regulation contains special jurisdiction provisions and the CJEU has held that these provisions preclude the application of Article 7(2) of Brussels I (*Coty*, at [28]). The relevant jurisdiction provision at issue in this case is Article 97(5) of the EUTM Regulation, which provides as follows (emphasis added):

*"5. Proceedings in respect of the actions and claims referred to in Article 96, with the exception of actions for a declaration of non-infringement of an EU trade mark, may also be brought in the courts of the Member State **in which the act of infringement has been committed or threatened**, or in which an act within the meaning of Article 9(3), second sentence, has been committed."*

This provision is to be interpreted independently of the notion of 'the place where the harmful event occurred' under Article 7(2) of Brussels I (*Coty*, at [31]). In *Coty*, the CJEU went on to explain that Article 97(5) EUTM Regulation implies 'active conduct', and that the 'linking factor' to the Member State which will have jurisdiction is where the "*act giving rise to the alleged infringement occurred or may occur, not the Member State where that infringement produces its effects*" (*Coty* at [34]).

The parties agreed that the effect of this was that the EUTM Regulation jurisdiction equated only to the 'place of the event giving rise to the damage' and would not apply (if different) to the 'place where the damage occurred'. Judge Hacon did not accept that would always be the case, noting that the CJEU could have said as much in *Coty* if that was what it meant. However, on the facts of this case, Judge Hacon assumed there was "*considerable, perhaps total, overlap*" between the scope for jurisdiction under Article 97(5) of the EUTM Regulation and the 'place of the event giving rise to the damage' in Article 7(2) of Brussels I.

The Claimants sought to argue, however, that such an interpretation would mean that Article 97(5) EUTM Regulation would in practice provide no alternative jurisdiction than the default position under Article 97(1), which provides that the defendants should be sued in their place of domicile. Despite agreeing that, in many cases, the effect of Article 97(5) would be limited, Judge Hacon held that, in the light of the decision of the CJEU in *Coty*, it is the law.

The Judge had to consider which 'act' was relevant for determining jurisdiction in this

case: (a) taking steps to put the relevant sign on a website or the taking of a decision to that effect; or (b) the event of display of the sign on the website. According to Judge Hacon, only the courts where event '(a)' took place would have jurisdiction under Article 97(5). In the light of the alleged facts, the relevant Member State would be Spain, not the UK and, therefore, the court did not have jurisdiction to hear the EU trade mark claim.

### **Comment**

The Judge acknowledged that procedural efficiency might suggest that the same court should hear the claims for infringement of an EU trade mark as well as for infringement of national trade marks (and passing off), but this did not avoid the application of the law as set out in the decisions of the CJEU .

The potential ramifications of this decision are wider than mere procedural inefficiency. A further 'exception' to the 'general rule', of suing a defendant in the Member State in which it is domiciled or has an establishment, is where neither the defendant nor the claimant is domiciled in any Member State and neither has an establishment in any Member State. In such a case, Article 97(3) provides that the defendant should be sued in the Member State in which the Office (the EUIPO) has its seat: which is currently Spain. The logic of this interpretation of Article 97(5) suggests that, in a case brought by a claimant domiciled and established outside the EU against a defendant domiciled and established outside the EU who commits online infringements, Article 96(5) will not bite in any particular Member State and so only the courts of Spain would have jurisdiction. Whether that proves to be the case may fall to be determined in future cases in the light of this decision, but it must be questionable if this effect was really intended.