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'Third party' under Article 9(1) of CTM Regulation includes owner of later CTM

European Union - Casalunga & Associés

Cancellation
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Advocate General Mengozzi has delivered his opinion in *Fédération Cynologique Internationale v Federación Canina Internacional de Perros de Pura Raza* (Case C-561/11, November 15 2012). The *Juzgado de lo Mercantil No 1 de Alicante* (Commercial Court No 1 of Alicante, Spain) had referred to the Court of Justice of the European Union (ECJ) a question concerning the interpretation of Article 9(1) of the [Community Trademark Regulation](#) (207/2009).

The question the ECJ is called upon to settle involves defining the 'third parties' against whom, under the law currently in force, the holder of a registered Community trademark (CTM) may bring infringement proceedings. In particular, the issue was whether this term also encompasses the holder of a later registered CTM, and whether the proprietor of the earlier CTM must first apply to OHIM for a declaration that the later CTM is invalid before bringing an infringement action against the owner of the later CTM.

This question has been a matter of lively debate among Spanish legal commentators and in Spanish decisions. In this respect, the ECJ has recently delivered judgment in a reference for a preliminary ruling, also submitted by the *Juzgado de lo Mercantil No 1 de Alicante*, concerning a very similar question on the interpretation of 'any third party' under Article 19(1) of the [Council Regulation on Community Designs](#) (6/2002) (see *Celaya Empananza y Galdos Internacional* (Case C-488/10)).

In the present case, however, the advocate general pointed out that, given the significant differences between the registration procedure for Community designs and the registration procedure for CTMs, the considerations set out in relation to one sector cannot automatically be applied to the other.

The applicant in the main proceedings, the *Fédération Cynologique Internationale*, is the proprietor of a semi-figurative CTM (No 4438751) for services in Classes 35, 41, 42 and 44 of the [Nice Classification](#):



The defendant, the *Federación Canina Internacional de Perros de Pura Raza*, is the proprietor of three Spanish word and semi-figurative trademarks registered for a number of products in Class 16. On February 12 2009 it filed CTM Application No 7597529 in connection with products in Class 16:



On February 5 2010 the *Fédération Cynologique Internationale* filed a notice of opposition against the application. However, as a result of a formal irregularity involving the failure to pay the opposition fee, the opposition was rejected. Consequently, on September 3 2010 CTM No 7597529 was registered.

On June 18 2010 the *Fédération Cynologique Internationale* brought before the *Juzgado de lo Mercantil No 1 de Alicante*:

- an action for a declaration of invalidity of the national trademarks of the *Federación Canina Internacional*, alleging a likelihood of confusion with its CTM No 4438751; and
- an action for infringement of the latter trademark.

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In those proceedings, the Federación Canina Internacional:

- denied that there was any likelihood of confusion between its national trademarks and CTM No 4438751; and
- brought a counterclaim seeking to have the latter CTM declared invalid on the grounds that it had been registered in bad faith and created a likelihood of confusion with the Federación Canina Internacional's earlier national trademark No 2614806.

On November 18 2010 the Fédération Cynologique Internationale requested that OHIM cancel CTM No 7597529 registered by the Federación Canina Internacional. However, on September 20 2011, having regard to the case pending (which has given rise to these proceedings for a preliminary ruling), OHIM stayed the proceedings before it at the request of the Federación Canina Internacional.

The referring court took the view that, in the proceedings pending before it, it would be necessary to establish whether the exclusive right which Article 9(1) of the regulation confers on the proprietor of a CTM (in this case the Fédération Cynologique Internationale) may not be enforced against a third party, which is itself the proprietor of a later registered CTM (in this case, the Federación Canina Internacional), to the extent that the later CTM has not been declared invalid.

In this context, the *Juzgado de lo Mercantil No 1 de Alicante* stayed the proceedings and referred a question to the ECJ for a preliminary ruling.

In its opinion of November 15 2012, Advocate General Mengozzi concluded that, despite the differences in the registration procedure for CTMs and that for Community designs, it was clear that only an interpretation of the term 'third party' under Article 9(1) of the Community Trademark Regulation consistent with the priority principle and including *any* third party should be maintained: only an interpretation in which the term 'any third party' includes a third party who is the proprietor of a later CTM is apt to guarantee the objective of absolute protection for registered CTMs pursued by the regulation.

Furthermore, in order to provide the national court with the most complete picture possible, the advocate general deemed it appropriate to point out that, were the ECJ to accept the proposed interpretation of the term 'third party' within the meaning of Article 9(1) of the Community Trademark Regulation, that interpretation would also have to include a third party who is the holder of a later registered trademark in a member state, regardless of the substance of the relevant national legislation.

Finally, the advocate general concluded that an interpretation other than the one set forth above would in fact jeopardise the effectiveness of Article 9(1) of the regulation by making it possible to limit, on the basis of the national registration of a sign, the protection conferred on the proprietor of the earlier CTM by the provisions of the Community Trademark Regulation. Moreover, a different interpretation would be at odds with the unitary nature of the trademark, for the proprietor of the earlier CTM would be accorded differing protection in the various member states, depending on whether the national law afforded it the possibility of instigating proceedings against an infringer without awaiting the cancellation of the later national trademark adversely affecting its rights.

In the light of the foregoing, the advocate general proposed that the ECJ give the following answer to the question referred by the *Juzgado de lo Mercantil No 1 de Alicante*:

"On a proper construction of Article 9(1) of [the Community Trademark Regulation], in proceedings for infringement of the exclusive right conferred by a [CTM], the right to prevent the use of that mark by third parties extends to any third party using a sign which creates a likelihood of confusion, including a third party who holds a later registered [CTM]."

This interpretation would be in line with the preliminary ruling rendered in Case C-488/10, which concerned Community designs.

Arguably, such an interpretation should be welcomed, as the maintenance of the *inmunidad registral principle* (ie, in order to bring an action for infringement, the plaintiff must have obtained a declaration of invalidity of the later mark) would entail the risk of delaying the infringement proceedings disproportionately - in addition to waiting for OHIM's decision on invalidity (which will not be reached until the two stages of internal administrative review have been completed), the proprietor of the earlier CTM might have to await the outcome of any action brought before the General Court and, possibly, the ECJ. In light of the above, the earlier trademark and the allegedly infringing trademark might thus co-exist on the market for several years, with potentially serious adverse effects for the proprietor of the earlier mark.

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