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4A Trademark Law Session. EU Trademark Law Update

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Thursday, April 8, 2021 – 11:45 a.m.

**SESSION 4: TRADEMARK LAW
4A. *EU Trademark Law Update***

Moderator:

James Nurton

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Speakers:

James Nurton

IP Writer/Editor, London

EU Trademark Law and The Rise of The General Court

Tobias Timmann

Freshfields Bruckhaus Deringer LLP, Düsseldorf

The F Word and Goethe: Freedom of Expression in EU Trademark Law

Peter Ruess

ARNOLD RUESS, Düsseldorf

***Liability of Marketplaces Reloaded – CJEU on Coty v. Amazon (C-567/18)
and "Merely Storing"***

David Stone

Allen & Overy LLP, London

Steady as She Goes – Evolution Not Revolution in EU Design Law

Panelists:

Christina Münter

Takeda, Glattpark/Opfikon, Switzerland

Anke Nordemann-Schiffel

Nordemann, Berlin

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JAMES NURTON: I'm delighted to say we have a great panel. I think we're truly a diverse panel. I think three of us are in the EU, and three of us are not in the EU anymore. I'll introduce them briefly. The format will be that we'll have four short presentations and then a discussion five minutes or so after each

one. Then there'll be a 15-minute discussion at the end where we pick up the pieces.

I'll be giving the first presentation. My name is James Nurton. I'm now part of a consultancy called Lextel Partners and I'm an IP writer and editor. Then we have Tobias Timmann who is with Freshfields Bruckhaus Deringer in Dusseldorf. He'll be giving a little talk about a really interesting case that looks at public policy issues. Then we'll have Peter Ruess from Arnold Ruess in Dusseldorf; very familiar face I think to those of you who come to these sessions regularly at Fordham. He will be talking about another very interesting case on liability from the past year.

Then our next will be David Stone. David is a partner of Allen & Overy in London and also actually a Deputy High Court Judge in the UK. He'll be talking about design law and particularly some of the proposed reforms to the design law in Europe.

We're grateful to have two very good panelists. I know both have got some interesting things to contribute during the discussion. That's Christina Münter who is with Takeda in Switzerland, and Anke Nordemann-Schiffel who is with NORDEMANN in Germany. You'll see, in fact, that title of our panel, "EU Trademark Law Update," doesn't quite do justice because it's not just EU it's also non-EU, and it's not just trademarks but it's also design, so don't feel that you haven't got value for money today.

With those introductions done, I think I'm going to give the first presentation and I've got some slides. Today I'm going to summarize developments in Luxembourg and then highlight three interesting cases which hopefully we can then discuss with the panel.

As most of you know, there are two routes for trademark and design cases to get to the CJEU.¹ One is the questions referred from national courts and the other is appeals from EUIPO² decisions which go via the General Court.

The really big change in the past couple of years has been Article 58a³ which came into effect in May 2019. It is an attempt to manage the caseload of the court and reduce the number of what you might call speculative appeals. Article 58a provides for the CJEU at the top of the pyramid there to filter out appeals from the General Court unless they raise "An issue that is significant with respect to the unity, consistency or development of Union Law."

Now, since it came into effect, I've counted about 65 cases so far where an appeal has been refused. I don't think I've seen anywhere it's been accepted, and I'd be happy to hear of any during the discussion if anyone knows of them.

The other change to mention of course is Brexit. Before the UK left the EU courts in 28 EU member states could refer questions to the CJEU. Now that number's 27. Well, you might say, "So what, it's just one country." The UK courts have always been pretty active in referring IP cases among other cases to

¹ Court of Justice of the European Union.

² European Union Intellectual Property Office.

³ Article 58a of the Statute of the CJEU.

the CJEU. They've given us some of the greatest hits in trademarks I think, *Arsenal*,⁴ *L'Oréal*,⁵ *Specsavers*,⁶ *Interflora*,⁷ *SkyKick*,⁸ and so on.

Will courts in other countries step in to fill this gap? As we'll hear in the subsequent presentations, despite these changes, the CJEU has delivered some important judgments and continues to do so, but I wonder how much longer this will be the case. In future panels like this, we will be talking about the judgments of the General Court and if so, what are the implications of that?

Here's some information about the General Court. On the one hand, it has a large number of judges, and it does have a lot of experience handling IP cases. This is positive no doubt. Obviously, there are benefits to removing one level of appeal. On the other hand, the sheer number of cases makes it hard to keep track. The court can rule on matters of fact as well as law so that complicates things. It has no Advocates General and its decisions are not always published in all languages.

Also, I wonder what impacts the changes will have on EUIPO. Will there be more oral hearings at the Boards of Appeal or more cases going to the Grand Board? Those are some of the questions we might discuss later on, but for the rest of this discussion, I'm just going to pick out three cases, recent decisions from the General Court. These are chosen by me purely subjectively based on four factors, call them the Fordham factors if you like.

These are cases where first, number one, the General Court disagreed with the Board of Appeal. Two, in a decision published in the past few months. Three, that raises some interesting points that we can talk about. Four is available in English.

The first one is an application for a color combination and specifically the combination of gray and orange and in an application for chainsaws in class 7.⁹ The description which you can read on the screen is the color orange is applied to the top of the housing of the chainsaw and the color grey is applied to the bottom of the housing of the chainsaw. Now, the observant among you will realize that this means that the reproduction there is upside down, but let's ignore that.

In 2015, this mark which had been registered was attacked in a cancellation action and the Board of Appeal declared the mark at issue invalid. I'm paraphrasing, but they found that the representation lacked shape or contours, and the accompanying description which you can see there was not precise enough. In its decision on the 24th of March, the court reversed that ruling.

There's a long history of cases concerning colors and color combinations in Europe. Back in 2004 in the *Heidelberger* case, the CJEU said, "One of the criteria for the registration of color combinations is that the application,

⁴ Case C-206/01, *Arsenal Football Club plc v. Matthew Reed*, ECLI:EU:C:2002:373 (Nov. 12, 2002).

⁵ Case C-487/07, *L'Oréal and others v. Bellure*, ECLI:EU:C:2009:70 (June 18, 2009).

⁶ Case C-252/12, *Specsavers International Healthcare Ltd and Others v. Asda Stores Ltd*, ECLI:EU:C:2013:497 (July 18, 2013).

⁷ Case C-323/09, *Interflora Inc. v. Marks & Spencer plc and Flowers Direct Online*, ECLI:EU:C:2011:173 (Sept. 22, 2011).

⁸ Case C-371/18, *Sky plc and Others v. Skykick UK Ltd*, ECLI:EU:C:2019:864 (Jan. 29, 2020).

⁹ Case T-193, *Andreas Stihl AG & Co. KG v. EUIPO/Giro Travel Company SRL*, ECLI:EU:T:2021:163 (March 24, 2021).

'includes a systematic arrangement associating the colors concerned in a predetermined and uniform way.'"¹⁰

Now, you may remember that Red Bull tried to register the colors blue and silver for energy drinks and they failed to meet that requirement with the two applications here.¹¹ That was refused at all levels up to including the CJEU itself. Why is the systematic arrangement of colors in a predetermined and uniform way in this case, but not in the Red Bull case? Well, the main difference is the specificity of the description.

As you can see, the descriptions in the two Red Bull applications were found to lack precision. However, in the chainsaw case, the General Court said the description did give a systematic arrangement and the information provided by the description enables the consumer to view a particular object and to recognize it at the time of purchase.

The court also said it was swayed by the fact that the relevant public, in this case, was a specialist. Not all of us after all are safe handling those kind of power tools. If you get your description right, contrary to what some people feared after Red Bull, it is possible to register color combinations.

Now the second case I want to mention was an application to register a slogan, and the slogan was, "It's like milk but made for humans."¹² Just say that again, "It's like milk but made for humans." Applied for a long list of goods and the mark was rejected for the goods which include milk substitutes, dairy substitutes and so on in class 29, various oat-based foods in class 30, and various beverages in class 32.

The Board of Appeal said the mark would be understood as an auditory promotional slogan and was devoid of distinctive character under Article 7(1)(b).¹³ The General Court found that conclusion hard to digest.¹⁴

I think a couple of points are worth noting. First of all, it said, "The English-speaking public includes the public in countries where English is widely understood" which is, for example, the Netherlands and the Nordic countries. Now as of now the only EU member states where English is an official language, are Ireland and Malta, so this is a useful reminder to look a little bit further afield.

Secondly, it says the slogan in its two parts, it's like milk but made for humans, and this is interesting I think, conveys the idea that the goods are akin to milk and intended for human consumption, but that ordinary, so cow or goat milk, is not. Given that most people consume milk frequently, the court said, this is an imaginative and even controversial statement. There was some evidence the applicant had presented that it was controversial, and it sets off what they call a cognitive process in the mind.

The court thought the Board had confused itself by focusing on consumers who don't eat dairy for whatever reason. In fact, it said, even these consumers are aware that it's commonly accepted that milk is essential to human diet, and therefore even for them, the market is capable of setting off a cognitive

¹⁰ Case C-49/02, Heidelberger Bauchemie, ECLI:EU:C:2004:384 (June 24, 2004).

¹¹ Case C-124/18 P, Red Bull GmbH v. EUIPO, ECLI:EU:C:2019:641, (July 29, 2019).

¹² Case R 2446/2019-5, Oatly AB v EUIPO, ECLI:EU:T:2021:21 (Feb. 7, 2020).

¹³ Article 7 of the European Union Trademark Regulation.

¹⁴ Case T-253/20, Oatly AB v EUIPO, ECLI:EU:T:2021:21 (Jan. 20, 2021).

process. If you want to put it through a slogan, it needs to be surprising, challenging, even controversial if you want to succeed.

Lastly, looking at the clock, my mind turns to drinks and specifically to champagne and there were three cases concerning the likelihood of confusion, of which this is one. I'm just going to focus on this one.¹⁵ The applicant had applied to register the 3d sign on the left. It was opposed based on all those earlier marks which are 3D marks and position marks although the decision focused on the 3D marks. You can see they're all bottles, some have wording on them, different colors and so on.

The opposition division and the Board of Appeal found no likelihood of confusion on the basis that they weren't similar, but the court said the Board was wrong--the 3D marks created different overall impressions--and then sent the case back to Alicante. Considering them as a whole, it said the combination of shape, color, and black foil was not usual and it also said the Board was wrong to focus on the differences between the marks rather than considering them as a whole. If you look at them as a whole, they are visually similar.

I'll leave you to read those cases but also I'll leave you just to look at those images and think about whether you think they're visually similar and perhaps whether you would also like a drink at this point. That is my nine minutes. We have some time for discussion. I think the place to start is probably with Article 58a¹⁶ and the General Court. Anke, I think you have some comments here. Is that right?

ANKE NORDEMANN-SCHIFFEL: My thoughts basically since the reform came about were two. First of all, I agree with you. I haven't seen and I looked yesterday or the day before yesterday, no appeal has been admitted so far. That's at least not from the CJEU's website. That will also lead, I think, to some issues regarding the unity between the EUTM,¹⁷ EU trademark law in the true sense, and national laws based on the Directive which has basically harmonized.

Up to now, the CJEU always made sure that both could really be cited in parallel, used in parallel, and relied on in parallel, whether they were based on Union law, properly speaking, or national laws based on directives. That is going to be, I think, much more difficult if virtually no or very few decisions do come up from the EUIPO in the future.

JAMES NURTON: It's closing down that avenue, isn't it? I wonder if it's going to lead to less predictability. I wonder if any other panelists would like to comment on that.

PETER RUESS: I don't even see why this was a topic worthy of reform because I don't think, correct me if you differ, that the ECJ¹⁸ was clogged by myriads of cases asking for clarification. Even if isn't it preferable to have the ECJ decide once and for all, rather than to run to the General Court, this panel and that panel, particularly as, and that's a topic of a panel we had two years ago, there is no case law system like in the U.S. where you say, okay, it's decided once, we stick to it. I would agree that that raises some concerns.

¹⁵ Case T-620/19, *Ace of Spades Holdings LLC v. EUIPO/Gerhard Ernst Krupp & Elmar Borrmann*, ECLI:EU:T:2020:593 (Dec. 9, 2020).

¹⁶ Article 58a of the Statute of the CJEU.

¹⁷ European Union Trademark.

¹⁸ European Court of Justice; also called Court of Justice of the European Union (CJEU).

JAMES NURTON: I think as I understand it, the reason was as we saw in that pyramid at the beginning of my slide, there are four levels of decision or four levels in the hierarchy. They felt that was one too many.

TOBIAS TIMMANN: Maybe just one thought on this, and Anke already mentioned this. Our clients still often tend to apply for trademarks both on a national level and on an EU level. Now it's possible that barely the same trademark is at the one end assessed by the General Court and on the other path assessed by the CJEU. There's the real risk, I think, that you have conflicting decisions in the end, if these cases are not allowed to go from the General Court to the CJEU, although the same trademark is concerned.

DAVID STONE: I wonder too, James, if there's another thought, the lack of the Advocate General before the General Court, but of course the EUIPO is there. That has always seemed slightly strange to those of us from an English law background because it would be very odd indeed if on appeal to the Court of Appeal, the first instance judge turned up to argue why her or his decision was correct.

I wonder if part of this move might include the EUIPO perhaps taking more of an Advocate General type role or more of an *amicus curiae* type role - "I'm here to help the General Court get the law right" rather than a position whereby it seeks to defend the decision of the Board of Appeal.

JAMES NURTON: Well, I know there are people from EUIPO here, aren't there, I think in the meeting. Maybe in the discussion at the end, we can get onto that. I think another question which I did touch on in the presentation would be, will the role of the Boards of Appeal change? Will there be more referrals to the Grand Board, for example? It might be interesting to come back to that as well.

Please, that's a good point to remind people to send in your questions to the Q&A and we promise we will look at them and try to answer them. I think on that point, I think we move on to our next presentation. This is Tobias Timmann. I think this one maybe should come with a content warning, shouldn't it? We should warn any listeners that have a nervous disposition that they should look away now. Is that right?

TOBIAS TIMMANN: Yes, indeed. I will talk about the F-word and for the audience already now apologies for me saying the F-word quite often. The trademark that I want to talk about here is this wordmark. If you come from Germany or you at least speak German, you would pronounce these three words "Fack Ju Göhte." I think it's clear that the question arose whether there are absolute grounds for refusal and whether this trademark application may be registered or is it contrary to public policy or to accept the principles of morality.

Apart from the incorrect spelling, it's all about the two words, Fack Ju, in the trademark application. The EUIPO and [inaudible]. I think this is not a big surprise. Why do we talk about this case here? The background is that Fack Ju Göhte is the title of a very successful movie in Germany.¹⁹ It's about a teacher who comes to a school and has to deal with the worst class there and that's the link to this title, Fack Ju Göhte, misspelled in the beginning and also the famous Goethe here is also misspelled.

Nevertheless, this has been the most successful movie in Germany in 2013. There have been two sequels, both extremely successful in Germany. The

¹⁹ Fack Ju Göhte (Constantin Film 2013).

trademark applicant was a film production company which had produced this film. The goods and services the trademark application related to were simply merchandising articles. In the course of the proceedings before the EUIPO and the Board of Appeal, the applicant referred to freedom of expression. They argued that the absolute ground for refusal must be interpreted restrictively because it has to be taken due consideration of the right to freedom of expression.

The Board of Appeal nevertheless refused the trademark registration and argued that the refusal of a registration of a trademark does not in any way restrict the right to freedom of expression. The General Court also went one step further and stated that freedom of expression does not even exist in the field of trademark law, which I think of course is a very controversial statement.²⁰ That led to the Advocate General before the CJEU to make very detailed and comprehensive explanations about the applicability of freedom of expression and trademark law. He argued that freedom of expression indeed plays a role in trademark law. Why? Because the respect for the fundamental rights constitutes a condition of the lawful owners of any EU measure. This must also hold true in the field of trademarks for activities and omissions of EU bodies such as the EUIPO. The Court of Justice in its judgment overturned the decision by the Board of Appeal and the General Court and the decision to refuse the application.²¹

This decision of the Court of Justice followed this argument and clearly expressed that the freedom of expression must be taken into account when applying Article 7 of the EU Trademark Regulation. What does this mean in practice and what does it mean that freedom of expression has to be taken into account in trademark law? I think the Advocate General already gave a very good summary in his opinion. He stated that freedom of expression clearly applies, but that this statement throws up more questions than it answers.

As fascinating as the issue and the discussion of it in the abstract may be, the question remains as to what exactly that confirmation brings to the solution of individual cases. I think that where we currently stand has made clear that freedom of expression will have to be considered when interpreting the EU trademark regulations, in particular undetermined legal terms, but it remains to be seen what this means for each individual case. That's it for me.

JAMES NURTON: Thank you very much, Tobias. I think it's a fascinating case, isn't it? It obviously raises a lot of issues. I think Christina, you have some comments on there, is that right?

CHRISTINA MÜNTER: Right. I think it's a very, very interesting decision. I mean, what should we interpret with this freedom of expression? Is everything allowed? What are the limits of it? I think we will need to wait and see what the Board of Appeals will say in order to know if it will play a greater role and to get more information about how we should understand this freedom of impression, because it's like when I read the decision, it was like, "Okay, now I have more questions than before." It's really interesting.

Maybe that's the question because I think the relevant public, it seems to be the Germans speaking public, but I'm wondering because not only the Germans will

²⁰ Case T-69/17, Constantin Film Produktion GmbH v European Union Intellectual Property Office, ECLI:EU:T:2018:27 (Jan. 24 2018).

²¹ Case C-240/18 P, Constantin Film Produktion GmbH v European Union Intellectual Property Office, ECLI:EU:C:2019:553 (Feb. 27, 2020).

say, Fack Ju Göhte, others, for instance, Spanish speaking people would as well say, Fack Ju Göhte. I don't know if maybe you can explain why the relevant public is just the German-speaking; because it's a German movie, or why? Maybe the panelists can reply to it.

TOBIAS TIMMANN: Maybe just a thought on this. I mean, I think what has to be taken into account is this misspelling. I'm not sure how an English-speaking person would pronounce this. If you would also say Fack Ju or something like fuck you, or so on. I mean I agree that most of the people who will read this will probably know that this means, Fack Ju Göhte and will pronounce it this way.

I think it's really remarkable that in these, this whole judgment, they are talking about how the film was received by the public and whether those who have watched the movie felt, let's say insulted or something like this. This is something where the court has obviously not looked into what is registered and for what goods and services is it registered but has taken a view to how is it used. What is the purpose of this trademark? What has been done with this term in the last 7, 8, 9 years? This is definitely something which is not usual, let's phrase it this way.

JAMES NURTON: My question would be, and we've got, I think at least four German speakers on the panel. Do you think the outcome of this would have been different if it hadn't been the name of the film and or if it hadn't been the name of a successful film in that way?

CHRISTINA MÜNTER: I think so, clearly. Because one of the arguments was it's the German-speaking public who thinks it's a joke and because we are aware of this movie. Otherwise, I think we wouldn't have seen it as a joke. I mean, Goethe, everyone in Germany and outside of Germany knows a Goethe and Fuck Ju as well. We have seen other examples, "Fucking Freezing" and so on. I think it would be completely different.

PETER RUESS: Maybe one additional thought. We did have a case from 2002, 2003 or 2004 where the Constitutional Court struck down a Federal Supreme Court decision about the Benetton advertising.²² It wasn't about trademarks, but it relates to this case, insofar as the question was about very disturbing advertising, like the bloodstained clothes of soldiers or you see a naked rear of a human who is HIV-positive. The Federal Supreme Court was quick to say, "This is illegal. You can't do this. This clashes with the moral views of people."

The Constitutional Court said, in my verse easily translated, "You can't transport your moral views, like some sort of glass stone with you and ask society to prevent others from interfering with them because the rights to have free speech also applies to commercial communication." I don't know, but it may be possible that, again, approaching on this territory, the Constitutional Court is a very, very important institution in our system. People might have thought, "We don't want them to get into this again. We might find a way out," but that's just a guess.

JAMES NURTON: Interesting. Good one. David, did you want to make a comment?

²² Bundesverfassungsgericht [BVerfR] [Federal Constitutional Court] 154 I BvR 1762/95 (Dec. 12, 2000) (Ger.).

DAVID STONE: Just very briefly, a trademark is not a right to use. The trademark proprietor in this case can use the trademark. Clearly, it has been using the trademark for many years, without its being registered. A trademark is a right to stop other parties from using. It's interesting to think that it's an argument for free speech that this one entity should be granted the exclusive right to stop someone else from using let's just call it a curious expression, so I don't have to repeat it.

At some level, a trademark is a form of state imprimatur. It is a form of monopoly that says, "We, the state, are granting to the proprietor the exclusive right to this term with respect to particular goods and services. I'm not a parent but I can imagine a child saying, "Well, I'm allowed to use these words because the government said I can. It's a registered trademark." I think one has to be very careful reading free speech jurisprudence onto trademark law – the results may not be what you'd expect, either for trademark law or for free speech.

JAMES NURTON: Good. Well, thank you for those comments and definitely interesting comments. I think, again, we'll come back to them in the discussion at the end. We do need to move on to our next presentation, which is Peter. We've all been doing a lot of online shopping, I imagine in the past year, and this raises lots of issues about liability and platforms and so on. Peter's going to talk through a case that addresses some of those.

PETER RUESS: Online, offline, we all have to keep the time limit. I attend to it. I want to take you through the *Coty v. Amazon* case.²³ The parties to this dispute are essentially well-known to you. One is Coty, a frequent plaintiff in German and EU courts, a parfum distributor licensee of the trademark Davidoff inter alia. The other party is Amazon, also a frequent party in courts on the defendant side, but let's not be too hard on them. They essentially help us through the pandemic here.

The reason that gets Amazon in hot water here is a product by the very same name which of course is a knockoff of Davidoff's Cool Water. Coty here as the licensee is unhappy about the fake Davidoff product being sold on Amazon. It goes back and forth. They sent warning letters and they find out that Amazon is selling this not on their own behalf, but third-party sellers are acting on Amazon. Amazon goes, "We can't give you the full information on Seller A or on Seller B."

Finally, Coty gets tired and says, "Amazon, actually, I'm going to sue you. I think you are infringing on my trademark because you are effectively selling this or you are effectively helping people to sell this because you are." That is part of an Amazon model that they are advertising and selling and because they are effectively storing the product. It's called an Amazon fulfillment service. We'll get to this, where Amazon takes up quite some sort of services to effectually deliver the product to the customer, whereby the sale of the whole procedure remains something that is conducted between the parties.

The idea for that, if you say, okay, mere storage is not trademark infringement, that's a given. I would like to give some credit to the Coty side here. Because if you look at Article 9 of the Union Mark Directive,²⁴ then illegal or trademark infringement as such is offering the goods, putting them on the

²³ Case C-567/18, *Coty Germany GmbH v. Amazon Services Europe Sàrl and Others*, ECLI:EU:C:2019:1031 (April 2, 2020).

²⁴ Article 9 of European Union Trade Mark Regulation.

market, or stocking them for those purposes under the sign. That was the avenue the Coty people decided to use. Actually, that's what happens.

The whole procedure was a German case. The regional courts, or the German district courts said that you don't have a case. The appellate court said you don't have a case, so Amazon wins. The Federal Supreme Court leads the same way but sends the whole parcel onto the CJEU saying that actually, this is a question of harmonized law.

The Advocate General, interestingly and we know that in trademark cases, the Advocate General has a very, very strong position. The Advocate General has some sympathy with the Coty system, and he says, if you look at the Amazon fulfillment model they actually say, "Hey, that's hassle-free. You have to pay fees, you lose some control but that's actually the only thing you'd have to surrender in exchange for quite a lot of things, quite a lot of services, a range of stuff we can do for you. You don't have to worry. This is the fulfillment we give."

The Advocate General elaborates on that and actually says, "What Amazon does is, it does the heavy lifting in the sales process. Amazon is actually acting as if it owns the infringing goods. The fact that they don't know that they are infringing, well, nothing to be explained here in a trademark panel that lack of knowledge certainly doesn't work as an escape route.

The CJEU interestingly says, "No, we will proceed as the German courts have done because in order for Amazon storage to be classified as infringing, we would need something that qualifies as trademark use. It will be necessary that Amazon itself offers the goods for sale or puts them on the market." Now that is not a big surprise. I have actually debated with some of the Fordham team before this conference saying, "Okay, but that is not super surprising that it's not trademark infringement merely to store."

The interesting point of this decision that does what I really would like to submit for further consideration is what the court did not say, because the court did not look at what the Attorney General said. It didn't deny his position. It didn't even pick up on it. It said that there might be something that his company must pursue, like the seller, the aim of offering the goods for sale or putting them on the market. Then it says, okay, formally, that's perfectly fine. They answered the question they should have answered.

They said, "No, merely storing is not enough," but they don't say where exactly is the line, where exactly do I cross the threshold? What is the gray area between being the seller of my own product or offering a vast array of services on top? They just give us exactly the answer to the question. Is that a tacit rejection of what the Attorney General said or is it just formally being in compliance with the question, not having to answer anything beyond that?

The question remains how far a marketplace operator would have to go to be classified as actively involved in the sale process and thus liable for infringement. And while this decision is something that comes across as positive for e-commerce marketplaces, we are still stuck with the question that the lines between the storage of goods and the assistance of the actual selling process are not clearly defined and that we, if we look at the lawyer front here, still have not a bright line rule on which to act.

Probably the takeaway here is no, merely storing is not sufficient but caution is advised in everything that goes beyond mere storage. It would probably have been a good thing if the court had enlightened us on what it is

exactly but as I said, formally, they were fully within the rights not to do so. That closes my remarks here. Thank you very much.

JAMES NURTON: Thank you, Peter. Right on time as well. I think that's a tradition you've established at Fordham.

PETER RUESS: I tried to do that for 15 years now, yes.

JAMES NURTON: Again, very interesting. I think when this first came out, the reaction was, well, this is bad news for brand owners. It's good news for marketplaces. You're suggesting it might be a bit more blurred than that. There's been this case, there had been some other cases about liability. Do you think that the position is very confused? Do you think we need more decisions or maybe even some legislative guidance on liability?

PETER RUESS: Asking for more decisions is of course always easy but more decisions is just a quantitative look. What I would have appreciated – as I said, I understand they didn't have to do it, but it wouldn't have hurt if the CJEU, now that they have already dealt with it, had said, "Okay, mere storage is not enough. If we were to fix a label liability to this, you would at least have to do this or that." That would probably have helped.

I can clearly see that with very good reasoning, people in this audience may raise and say, but that is not what they are asked to do and they shouldn't play legislator and so on and so forth. From a practical viewpoint, I would have found it ideal to at least discuss what the Attorney General raised. They can say, we agree or we disagree with the attorney general. We think this point is something we didn't have to pursue because of this and for that reason. I think for the practical purpose, for the bar, that would have been helpful.

JAMES NURTON: Do the other panelists agree or disagree?

ANKE NORDEMANN-SCHIFFEL: If I may jump in, I think I agree with Peter. What I found especially interesting in the decision is that at least to my first reading is that the CJEU didn't even really look at Amazon's model and the facts that were presented to them, because when you look at the reasoning the CJEU made was that Amazon was really only doing technical things to enable the seller to sell their goods, like someone filling drinks cans branded with infringing trademarks and that's not what Amazon is doing in this case. They go beyond that person filling drinks cans, or the transporter of infringing goods.

I do think they very much limited themselves to those technical questions and didn't go as far as they could have gone. I totally agree with Peter, they should have gone and they could have gone beyond.

JAMES NURTON: Are there any cases anyone's aware of that are coming up that might address some of these questions?

ANKE NORDEMANN-SCHIFFEL: No.

JAMES NURTON: Possibly not.

PETER RUESS: We have to ask Andreas Lubberger whether he's doing another one because he's basically doing them all.

JAMES NURTON: Cases have contributed a great deal to the jurisprudence of trademark law in Europe. Good. Now we have some questions coming in. That's very good. I think it's from probably from-- Well, the Digital Services Act does address liability, doesn't it? I wonder to what extent that will provide an answer to some of these questions when implemented, assuming, of course, it is implemented. Does anyone have any thoughts on that? Peter.

PETER RUESS: Maybe just a remark. A press release²⁵ that the CJEU put out after the verdict, they said, "Oh, trademark owners have other avenues they can use," and they refer to I think, even the Enforcement Directive and stuff. That's not what I want the court to say. There might be other options somewhere, but that they could have given some more guidance on that point. It's difficult to put an exact point of what can I do because this Amazon system, and I think Anke hit the nail on the head here, is not something we can put into the typical, we have a helper here, or we have an assistant here, or we have somebody who-- These typical offline examples that you say, he's leasing a warehouse. Now, it's a totally different market, a totally different system of selling stuff. You will probably not even find 80% of what you're looking for if there wasn't Amazon.

We should probably look a little closer at what their role is in this and not just classify them as if they were the owner of some secondary flea markets who happens to give some space to the people selling stuff there. That's, of course, the biased opinion of a person working for a trademark owner so don't take this as neutral.

JAMES NURTON: I guess we probably assume that most of our audience on that side of the argument too. By no means also we shouldn't probably assume that too much. There is another comment in the Q&A, as you mentioned, two referrals from Brussels and Luxembourg, *Louboutin v. Amazon*²⁶ and the case references are there in the Q&A. Thank you, Karina, for flagging those up. It sounds like that'd be worth watching.

We are on to our next presentation, which is David Stone, talking about designs. David, quite literally, I think wrote the textbook on design law in Europe. There's no better person to guide us through the latest developments. David.

DAVID STONE: Thank you, James, and thank you very much for having me on. I'm honored to be speaking about designs in the context of an EU trademark update, albeit from someone who is sitting in a country that's no longer in the EU. You all know that in Europe, designs are a parallel system that sits alongside trademarks and can protect things such as logos or stylized words, and that registered Community designs (RCDs)²⁷ are handled by the EUIPO. I'd therefore submit that I am on the right panel and I am in any event delighted to be here. I should also make clear that the opinions expressed are my own, and not necessarily those of any institution with which I'm associated.

In seven minutes, I want to try to discuss two separate topics. One is EU design reform and the other is the effects of Brexit on design law in the United Kingdom.

In relation to EU design law reform, there's quite a lot of information on the slides. I won't go into it in any detail. The thing to know is that this has now been rumbling on for seven years. It started in 2014. As you can see from the

²⁵ Court of Justice of the European Union Press Release No 39/20, The mere storage by Amazon, in the context of its online marketplace ('Amazon- Marketplace'), of goods which infringe trade mark rights does not constitute an infringement by Amazon of those trade mark rights (April 2, 2020), available at <https://curia.europa.eu/jcms/upload/docs/application/pdf/2020-04/cp200039en.pdf>.

²⁶ Referral C-148/21 (*Louboutin*, 8 Mar 2021).

²⁷ Registered Community Designs.

box, the hope was that by the first quarter of 2021, we might have some draft legislation or at least some draft proposals that I could have told you all about.

Sadly, that hasn't happened. Instead of talking to you about actual proposals, I am going to have to base what I say on predictions. My predictions, such as they are, are evolution, not revolution, and the title of my presentation is *Steady as She Goes*. If I were to try to predict some of the likely outcomes of the reforms, they would be as follows. First, it is almost certain that we will retain the parallel system of national designs, EU-wide designs or RCDs, and the Hague system, which sits alongside it.

Over the years, there's been a number of member states that have said, "Why do we bother having national designs, everyone files at the EUIPO?" I think there's zero prospect of national designs being removed in this round of reforms. Second, I think we'll see harmonization of filing practices and procedures, both as between the EUIPO and member states and as between member states, making it easier for practitioners because the rules will be the same. Hopefully, we'll also see harmonization with the rules within the Hague system. Third, I think we'll see an attempt to harmonize how litigation works but it's quite possible those amendments will come through the Enforcement Directive²⁸ rather than anything to do with design law reform.

Take, for example, *ex parte* injunctions: how that works and what it costs are vastly different as between a court such as the Düsseldorf Landgericht where it will be quick, cheap, and have good prospects of success, as opposed to some other courts where it will be close to impossible to get an *ex parte* injunction. I think we will also see compulsory provision for declarations of non-infringement. Currently, there are a number of member states that don't provide for declarations of non-infringement in design cases. I think we will see those compulsory introduced.

Fourth, we will also, I think, see administrative invalidity proceedings introduced as has happened with the trademark reform. Fifth, as also with the trademark reform, we're likely to see the abandonment of the notion of a registered Community design and instead have EU registered designs and EU unregistered designs. Those are my main predictions. There's a little more on that slide but I think the aim is to see EU design protection being fast and cost-effective. Those are the buzzwords.

Onto Brexit and again, you all know that at 11 p.m. London time on the 31st of December 2020, the United Kingdom stepped outside the EU trademark and design system. What that has left for us in the UK is a system significantly more complicated than it was previously, in that we now have potentially up to eight different rights, even more if you add in trademarks, to protect the appearance of a product or part of a product. Down the left-hand side of the slide are the four potential registered rights, and on the right-hand side are the four potential unregistered rights, each of which makes clearance for a new product in the United Kingdom, shall we say, complicated?

It will continue to be a very brave lawyer indeed who's prepared to say, "Yes, go ahead, you're clear to launch that product." It makes it particularly difficult for small to medium-sized enterprises, who may well abandon trying

²⁸ Corrigendum to Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (O.J. L 157, 30.4.2004).

to do any clearance at all, particularly for fast-moving high fashion sorts of goods.

I wanted to talk briefly about unregistered design protection. This was a difference with trademark law and makes design law post-Brexit slightly more complicated.

You will all know that prior to Brexit an EU disclosure led to an unregistered Community design right, but the Bundesgerichtshof's *Gebäckpresse II*²⁹ case had suggested that a foreign disclosure didn't have that effect. The UK tried to negotiate with the EU for a reciprocal arrangement on departure whereby a disclosure in either the EU or the UK would lead to unregistered design rights in both the EU and the UK. That was rebuffed. Designers are therefore now faced with the choice either to disclose a design, for example, during London Fashion Week to cover 67 million people or to wait for Paris or Milan Fashion Weeks to try and cover 446 million people?

Does the internet help? In a recent case before the IPEC³⁰ in London, *Rothy's v. Giesswein Walkwaren*,³¹ the parties had agreed that internet disclosure worked. Emails sent from California and webpages uploaded from California were sufficient to create an unregistered Community design right—but that was by the agreement of the parties, it was not something the court decided. But internet disclosures may be the answer, being a simultaneous disclosure in all jurisdictions where the internet is accessible.

There might also be a slight lacuna in what has happened with Brexit because in copying over the legislation from the EU into the UK, the UK government did not copy over Article 110a(5),³² which you can see at the bottom of the slide.

As I'm running out of time, I'll leave this very, very briefly. The effect of it may be that the government has not achieved what it thought it had achieved in that an EU disclosure may lead to the UK unregistered design right arising, but a UK disclosure almost certainly won't lead to an EU unregistered design right arising. It's not a question I can answer. I simply pose the question, but it'll be interesting to see what happens there.

JAMES NURTON: Thank you very much, David. We have a few minutes just to discuss designs before we move on to the general Q&A. I suppose my first question on the reform—you touched on the delays in one of your early slides. Realistically, when do you expect it might happen?

DAVID STONE: We'd hope to have draft legislation by the end of this year. There's obviously a lot going on at the EU and perhaps design reform is not crushingly urgent within the scheme of a global pandemic. When we can get some draft legislation, I think we'd all appreciate having a look at it and then there'll be consultations in the usual way.

JAMES NURTON: One of the stumbling blocks in the past has always been the spare parts debate. Is that likely to rear its head again?

DAVID STONE: Yes, but what's important is that we don't throw the baby out with the bathwater and, if we can't agree on spare parts, just not do anything. There is movement on spare parts and there is a sense that member

²⁹ I ZR 126/06 - *Gebäckpresse II*, 9 October 2008, German Federal Supreme Court (Bundesgerichtshof, BGH) [2009] GRUR 79.

³⁰ Intellectual Property Enterprise Court.

³¹ AG [2020] EWHC 3391 (IPEC).

³² Article 110a(5) of the European Trade Mark Regulation.

states who have resisted liberalization in the past may be resisting less now. It may be that it's solvable, but I think the key message would be don't delay everything in the hope of fixing spare parts; better to leave spare parts as they are and try and fix everything else.

JAMES NURTON: Very generally, you talking about spare parts, do you think that the reforms that they've initially proposed are welcome and will achieve the aims? I think you said of making things faster and more cost-effective.

DAVID STONE: Yes, I do.

JAMES NURTON: Good. Then just turning to the Brexit stuff, you obviously rushed that last point commendably to meet the time limit. Do you just want to expand on that? Was that an oversight, you think, by the UK government?

DAVID STONE: What I hear is that Article 110a(5) was left out because it falls in the bit of the regulation³³ that was to do with the expansion of the EU to include 10 member states in 2004. It was thought that as this was a transitional provision it was therefore no longer relevant. But it does mean technically that the UK statute now differs from the EU statute—the EU statute includes Article 110a(5) and the UK statute does not. Now, you could impose a purposive construction and say, "The government's been very clear what it was trying to do and that is the answer," but there are some challenges doing that given the written text of the legislation. There will be arguments as to how that's to be read.

JAMES NURTON: Then just going back a step to your point about disclosure and the current state, you said that that case and the IPEC, both parties have agreed but it's not actually been decided. In theory, is there a way around it in that you disclose it at London Fashion Week and you stream it online or you upload it immediately, and then it's available in the EU or vice versa?

DAVID STONE: Yes, I'm not aware of a case that's decided as much where a judge has actually made a decision positively that that's the case. It would seem to make logical sense that if it's disclosed online, that it's disclosed everywhere or at least everywhere where people are actually accessing it. In the case I referred to there was evidence that people in the EU had accessed the website and the email that day and had bought the shoes in question. Maybe that helps, but that does seem to be a practical way around it to have a design first disclosed in both the UK and the EU at the same time.

JAMES NURTON: Because otherwise, as you said, given the disparities and population size, London Fashion Week may not have much of a future.

DAVID STONE: Or it would certainly make it more challenging or force fashion houses to do it all online first before the catwalk show, which would steal their thunder!

JAMES NURTON: Any other comments on designs from the panel before we move on to the general discussion? We can pick- [crosstalk]

CHRISTINA MÜNTER: Oh, sorry.

JAMES NURTON: Yes, Christina. Go ahead.

³³ Council Regulation (EC) No 6/2002 of 12 December 2001 on Community Designs.

CHRISTINA MÜNTER: Yes. I'm just thinking that there is at least a risk, let's say if there is an online disclosure, that it will not satisfy the European Union or the UK requirements and hence it will fail to attract, let's say, the unregistered protection. I think now it's more important than ever the registration of the designs instead of going for another protection for the unregistered protection. I don't know, David, if you agree in this regard. I think really the designers need to go to decide and say, "Okay, let's disclose in UK in order to get an unregistered protection in them. Okay, go, let's say to Europe, and protect and register it. I think that's a less risky way of doing it.

DAVID STONE: Yes, you're absolutely right, Christina. Whilst registered designs are comparatively inexpensive, registering is going to be your best bet, including because you don't have to prove subsistence or show copying to prove infringement. But remember also that a registered design won't be as flexible. If what the third-party copies is the back of the chair or the sleeve of the jacket or a part of the product and what you've registered is the whole product, then the copy may not infringe. Unregistered design rights give you that flexibility to claim the design as the bit that's been copied.

JAMES NURTON: We've moved seamlessly on to the general discussion, which we've got about 10 minutes for so that the next panel can start on time. We actually got a question coming in about Brexit, which we'll come back to in a minute because I know Christina, you wanted to make some points about Brexit as well in regard to trademarks.

CHRISTINA MÜNTER: Brexit and trademarks?

JAMES NURTON: Is that right or was that Anke?

CHRISTINA MÜNTER: I don't think so.

JAMES NURTON: Fine. Would anyone like to make--

ANKE NORDEMANN-SCHIFFEL: Either my point on the designs was [inaudible] that if the EU reform designs now with the UK law and EU law pretty much in line at this point in time, we may risk or we will probably risk accelerating the process of UK law and EU law drifting apart as far as intellectual property rights are concerned. I don't know what you think, David, it'll obviously very much depend on the specific wording and areas covered, but that will be the first big watershed.

DAVID STONE: Yes, I think you're right, Anke. It looks as if it will be the first time that IP legislation is amended by one of the two entities such that it then differs. By how much, we don't know and whether the UK will then choose to follow, it is hard to tell.

JAMES NURTON: While we're on the topic we've had two questions come in about the gaps that you've identified, David. One, really can copyright help to fill the gap per created and the other one could 3D Trademarks help to fill the gap? What do you think about those?

DAVID STONE: Yes partially, remembering, of course, that they're all different rights that all offer slightly different types of protection. Certainly, in some EU member states, copyright is now a very powerful tool and there are certainly places where you would run a copyright case before you run an unregistered design right case. The UK remains a jurisdiction where copyright is all by headings so unless it's a sculpture, you do start to struggle a bit with an ordinary household item trying to get copyright protection for it. I'm not sure it's the savior yet in the UK. There's also a question about whether 3D trademarks step in to fill the gap.

Again, my experience is that it's getting harder and harder to register 3D trademarks because the registry wants to see acquired distinctiveness. It may be that your registered design for that first 25 years gives you an opportunity to put the product on the market and see if it's a success. If it is a success, build up that reputation and then 5-10 years in, use trademark law to apply for a 3D trademark. At that point you can hopefully show acquired distinctiveness or what our American cousins call secondary meaning.

JAMES NURTON: Thank you. Good. Anke, Christina you're dedicated panelists, so are there any other topics you would like to raise? We've touched on Brexit and another one was the COVID-related trademarks. This is your opportunity if you'd like to raise either of those issues.

ANKE NORDEMANN-SCHIFFEL: I was going to respond very quickly to what David said if I may. I think you're right, 3D trademarks are probably not going to help fill the lacuna because apart from acquired distinctiveness issues, the CJEU has been very strong in advocating that a lot of the 3D trademarks are actually functional and so excluded from protection without even having to look at acquired distinctiveness issues. Lots of trademarks fail and cancellation actions succeed based on functionality for any product really whether they are technical or not. I wouldn't rely on that if I were a designer or a design owner.

JAMES NURTON: Thank you. Christina.

CHRISTINA MÜNTER: Just briefly, COVID and trademarks. Because I was bored on a weekend and I thought, "Okay let's see the new trademark applications of COVID." I just went through the National Trademark Office and others in order to see all the huge amount of COVID-related trademarks. For instance, I have seen so many, "COVID-free space," "Hotel COVID-free" as well as "Cities COVID-free." I don't know. What do you think, because I was surprised as well to see trademarks like "COVID" and with an X at the end and they are registered? I was a bit surprised, but I mean it's descriptive and non-distinctive.

I don't know if you have seen something that was really surprising for you as well. I would like to hear the opinion of the other panelists as well.

PETER RUESS: Just on the "COVID-free" thing. I would probably think about whether you could think of something like that as a certification mark. COVID-free doesn't make much sense in terms of a product but let's leave that aside. Let's say there is a genuine application for something is COVID-free then it should be a certification mark with the usual rules attached and you can use it once you satisfy the criteria. I would have problems. It's like gluten-free can't be a trademark for food which blocks others from using the same. That would be my two cents on that.

CHRISTINA MÜNTER: It's currently already a registered trademark so I was as well surprised about it.

PETER RUESS: Maybe somebody hasn't checked on it sufficiently, maybe nobody's going to file for cancellation because there is no real use that it blocks other than with gluten-free which I'm sure would send others running to the office immediately.

DAVID STONE: I did a similar task to Christina and had a little look online to see what was there. There are very few COVID-formative marks that have been accepted by the registry and published. One is "McCOVID" for personal protective equipment, PPE, which has been published at EU level. If

you want to oppose that on absolute grounds, now's your opportunity. "Touched by COVID" for retail services has been advertised in the UK but then there are a whole heap that have been refused. "COVID Care" for medical services: refused. "COVID Safe Tables" for tables: refused. "COVID-19 Marshall" for COVID-19 marshaling training. That was the specification which pointed towards the level of descriptiveness: also refused. Many more have been refused than have been allowed.

JAMES NURTON: Descriptiveness would seem to be a hurdle. Good, we've got the last minute or two. Let me see if any other questions from the audience. Are there any questions our panelists would to ask each other while I'm just checking this? Somebody has suggested I ask each of you, what do you think the biggest challenge in EU trademark law is right now which seems a good note on which to end. Trademark or design law, what do you think is the biggest challenge? We'll give you one sentence each and then we'll probably wrap up I think. Who should we start with? Peter?

PETER RUESS: I think the problem with these questions is that every year you have to come up with a new problem where the past centuries or decades has tried to achieve the same thing. I'm not going to chicken out. I would say it remains competitive, particularly if you look at U.S. clients to explain this availability search stuff that, like the Lithuanian national mark, etc. can trigger things.

The things arising in conjunction with the conversion of the U.K. marks although they are technically not complicated is, I find within our clients and we've just had a mail to all of them, psychologically an issue for me. Then why do I need another, what is this meaning, and so on? This is, on my desk, the personal challenge.

JAMES NURTON: Two issues. Okay, thank you. Tobias.

TOBIAS TIMMANN: I would say, I think it's one of the topics that has been present the last couple of years but bad faith trademarks, to have the bridge to the next session I think, and overly broad goods and services descriptions.

JAMES NURTON: Thank you. David, very quickly.

DAVID STONE: I think we've done very well to harmonize the law and the practice at the EU institutions. Where we're unharmonized still is what the outcome is in national courts because of the decision to go with national courts as opposed to a single European trademark court. This means that the outcome can be very different depending on where you choose to bring your proceedings.

JAMES NURTON: Thank you. Christina.

CHRISTINA MÜNTER: For us from an in-house point of view, Trademarks and Brexit for sure. To clone them, to look if there are applications not already registered and so on so. For sure, this was the most challenging.

JAMES NURTON: Thank you and Anke, you get the last word.

ANKE NORDEMANN-SCHIFFEL: It's unmerited. To me the biggest challenge is also twofold, I think. It's Brexit on the one hand and the many issues and challenges we'll face with that. Also, I see that the EU courts especially the CJEU tries to become much more specific and lots of handling issues. I don't know, specifications of goods and services making them more precise etc., while basis of the law and the tradition of the law doesn't really provide for that specificity. It's not really in our mindset as yet if I may say so. That's going to be a challenge, I think.

Session 4A

JAMES NURTON: Thank you very much. Thank you very much to all of our panelists. That does wrap up this session. We're very grateful for your presentations. Very grateful for everyone's attention. The next session in this room will be starting very shortly no doubt, but with plenty to discuss according to those last few answers, I'm sure we'll be back next year for more discussion about EU developments. Thank you very much.