

AMS Neve - CJEU clarifies jurisdiction of Member State courts to hear online infringement EU marks related cases

The Court of Justice of the European Union (CJEU) has issued a judgment concerning the jurisdiction of Member State courts to decide cases of online EU trade mark infringement.

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Key points:

1. In cases of online infringement, EU trade mark proprietors can elect between issuing proceedings in the Member State in which the defendant is domiciled, or the Member State in which the consumers to whom the adverts are “directed” are located.
2. If the proprietor chooses the latter, the court’s jurisdiction and thus the remedies available will be restricted to the particular acts of infringement within that jurisdiction (whereas the former would allow jurisdiction in respect of acts committed across the EU).

The Court of Justice of the European Union (CJEU) has issued a judgment concerning the jurisdiction of Member State courts to decide cases of online EU trade mark infringement. The decision is important as it confirms the ability of brand owners combatting online infringements to choose between issuing proceedings in the place of the defendant’s domicile or alternatively the Member State in which consumers targeted by the online adverts/offers for sale are located.

The claimant, “AMS Neve”, is a UK-based manufacture of audio equipment. It issued a claim in the Intellectual Property Enterprise Court (IPEC) of England and Wales against Spanish company “Heritage Audio”. This action alleged infringement of an EU trade mark for “1073”, as well as two UK device marks, all registered for class 9 goods associated with sound recording and processing. It also alleged passing off. Heritage Audio had advertised and offered the allegedly infringing goods for sale on its website and social media channels. The offers for sale were worded in English and the website listed distributors established in various countries including the UK. AMS Neve alleged that these acts of advertising and offering for sale took place in the UK amongst other EU Member States. Heritage Audio did not deny that the products might be purchased in the UK, but it had never made sales in the UK nor appointed a UK distributor, and it therefore challenged the UK court’s jurisdiction to hear the claim.

The matter was first heard by his honour Judge Hacon in October 2016. He dealt first with the UK-based rights, before turning to the EU mark.

UK trade marks and passing off

Jurisdiction of the court with regard to the UK-based rights is governed by EU Regulation No.1215/2012, often referred to as “Brussels I”. The general rule, stipulated at art.4, is that a defendant shall be sued in its place of domicile. One of the exceptions to the general rule is given at art.7(2), which provides that a defendant may be sued, in matters relating to tort, “*where the harmful event occurred or may occur*”. CJEU case law has established that this wording covers both:

1. the place of the event giving rise to the damage and
2. the place where the damage occurred.

The event giving rise to the damage (i.e. option a), will often occur in the Member State in which the defendant is established. The place where damage occurred (i.e. option b) will naturally be the Member State in which the trade mark is registered, as had been established

by CJEU judgments such as Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau BmbH*. Therefore, in this case, Judge Hacon found that AMS Neve was entitled to bring its claim for infringement of the UK national marks and passing off in the UK.

EU trade mark

Perhaps surprisingly, the IPEC judge came to the opposite conclusion when assessing jurisdiction over the EU trade mark claim. Rather than Brussels I, this is governed by Council Regulation (EC) No.207/2009 ("the Trade Mark Regulation"). Again, a defendant may be sued in the Member State in which it is domiciled. However under this regulation the relevant exception to the general rule, set out in art.97(5), provides that a claim may also be brought "*in the courts of the Member State in which the act of infringement has been committed or threatened*". The judge noted that this is to be interpreted independently of the notion of "*where the harmful event occurred*" (under Brussels I) and considered relevant CJEU caselaw, in particular Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] E.T.M.R. ("*Coty*").

In *Coty*, the Advocate General had observed that "*the place where the act of infringement was committed is a narrower concept than the place where the harmful event occurred*" and "*the vocabulary used in art.93(5) seems to point to active conduct*". The CJEU agreed with the Advocate General that the "*linking factor relates to active conduct*". Applying this ratio to the present case, the IPEC judge found on the evidence that Heritage Audio had never supplied, nor actively advertised or offered to sell products in England and therefore the UK court did not have jurisdiction.

CJEU

Judge Hacon's decision was appealed to the Court of Appeal, which referred a question to the CJEU on the interpretation of art.97(5) - in essence, whether an EU trade mark infringement claim could be brought in the Member State in which consumers and traders targeted by the advertising and offers for sale are located, notwithstanding the fact that the defendant made decisions and took steps to bring about that electronic display in another Member State.

The CJEU clarified that art.97(5) is intended to give proprietors a choice of jurisdiction. It confers jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which the court is situated, whereas art.97(1) confers jurisdiction to assess infringements throughout the EU. Therefore a proprietor can, in theory, elect to bring multiple actions, each constrained to acts of infringement within a single Member State.

When assessing its jurisdiction under art.97(5), a Member State court must be satisfied that the allegedly infringing acts were committed within that territory. When the alleged acts are advertising and offering for sale, such acts are committed where the consumers to whom the adverts are "directed" are located, following the line of reasoning in C-324/09 *L'Oreal and Others*.

The CJEU made a series of observations to back this stance. If the *L'Oreal* approach were not followed, would-be infringers could seek to evade the rights of EU trade mark proprietors by establishing online adverts from other jurisdictions. There is also a practical rationale to this approach - it will be very difficult in many cases for a trade mark proprietor to establish where an infringer first made the decision and implemented the technical measures to activate an online advertisement.

The CJEU considered that, although they are independent, the concepts of "*Member State in which the act of infringement has been committed*" and "*place where the harmful event occurred*" must have a degree of consistency. In conclusion, an EU trade mark infringement claim may be brought in the Member State in which consumers to whom an online advert are directed are located, notwithstanding that the decision and act of placing such adverts was made in another Member State.

Conclusion

Whilst claimants may often elect to bring claims within their own "home" Member State, relying on art.97(5) jurisdiction, the remedies available to them will be limited to the acts of infringement taking place within that territory alone. This limitation should always be considered when deciding where to bring a claim. Notably, the CJEU's judgment does not focus on the evidence required to show that an online advert is 'directed to' the consumers of a particular Member State, as opposed to merely being accessible to such consumers. This remains an interesting dividing line, which will no doubt be stress-tested further.

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