

It is important to note that the Brussels Regulation deals with enforcement issues touching on any commercial and civil matters. Since the CTMR enshrines specific provisions regulating CTM enforcement, the legal maxim *lex specialis derogat legi generali* may be based upon to qualify application of the Brussels Regulation to CTM enforcement. Article 94(2) (a) of the CTMR, for instance, expressly excludes Articles 2, 4 and 5(1), (3) – (5) of the Brussels Regulation from being applied to the CTM disputes.

## *II. Community trade mark courts*

Article 95 of the CTMR establishes Community trade mark courts. Pursuant to the provisions of the immediately preceding Article, Member States are directed to designate a limited number of national courts and tribunals of first and second instances to serve as Community trade mark courts. It is considered that designation of limited number of CTM courts may “encourage uniform application of the CTM Regulation and, hence, further promote the uniformity of the CTM system”.<sup>713</sup>

States which were already EC Members in 1994 when the system established under the CTMR became operational, were thus required to designate the CTM courts in their territories by 14 March 1997 (i.e. within three years after the CTM system came into force).<sup>714</sup> Since new EU Member States must accept the *acquis communautaire* of the EU law as it stood on the accession day, it cannot be doubted that these States are as well obliged to nominate few courts within the national court system to serve as CTM courts.

Germany complied with the provisions of Article 95(1) of the CTMR by designating 18 Regional Courts (*Landgericht*) to serve as CTM courts of first instance and 18 Higher Regional Courts (*Oberlandesgericht*) to operate as CTM courts of second instance. This designation does not interfere with the powers of the German Federal Patent Court, which enjoys an exclusivity of a mandate to deal with appeals emanating from decisions of the German Patent and Trade Mark Office, for the court deals with the CTM only when it comes to “opposition against registration of a national trademark ... based on a Community trade mark with an older priority”.<sup>715</sup> On its part, the United Kingdom

713 Cf. FAMMLER, M. & AIDE, C., “Enforcement of CTM in the EU: the real test of their commercial value”, 86 J. Pat. & Trademark Off. Soc’y 135, 140 (2004).

714 Article 95(2) of the CTMR.

715 Cf. RADEN, L. van, “Community Trademark Courts – German Experience”, 34(3) IIC 270 *et seq.* (2003).

designated only four courts to serve as CTM courts. The courts are the High Court of England, Wales and Northern Ireland, and the Court of Session of Scotland (in the first instance). The Court of Appeal of England, Wales and Northern Ireland, and the Scottish Court of Appeal are designated for the second instance.<sup>716</sup>

CTM courts would therefore be required to carry out some duties entrusted to them under the CTMR.<sup>717</sup> The stipulation in the CTMR, pursuant to which Member States have to appoint some national institutions to deal with CTM rights, has been criticised since the use of national language in the proceedings relating to CTM does not necessarily have to be renounced.<sup>718</sup>

National courts of the Member States, other than those expressly designated as the CTM courts, are, under certain circumstances given power to deal with disputes concerning infringement and validity of CTMs. It follows from the wording of Article 95(5) of the CTMR that in the event a Member State concerned does not designate some local courts to serve as CTM courts, the normal national courts with jurisdiction to hear disputes concerning infringement and validity actions of the national trademark rights are given power to hear disputes concerning CTM rights. Indeed, Article 95(5) of the CTMR extends the national court's "*jurisdiction ratione loci* and *ratione materiae* in the case of proceedings relating to a national trade mark" to proceedings relating to CTM.

## 1. Jurisdiction over infringement and invalidity proceedings

The CTMR delineates jurisdiction of the CTM courts in relation to CTM disputes.<sup>719</sup> The term jurisdiction is normally employed to refer to some powers entitling legal authorities, particularly courts of law, to adjudicate over disputes prescribed in the instrument granting the pertinent powers. A response to the question whether a particular court has some powers to deal with a CTM depends on whether a dispute in question relates to infringement, or whether it concerns validity of a CTM. Both alternatives are addressed under Article 96 of the CTMR.

716 Cf. M. FAMMLER & C. AIDE, "Enforcement of CTMS in the EU: the real test of their commercial value", 86 J. Pat. & Trademark Off. Soc'y 135, 140 (2004). Cf. also <[http://oami.europa.eu/pdf/mark/ctmcourts\\_addresses.pdf](http://oami.europa.eu/pdf/mark/ctmcourts_addresses.pdf)> (status: 30 July 2012).

717 Cf. Article 95(1) of the CTMR.

718 Cf. RADEN, L. Van, "Community trademark courts – German Experience", 34(3) IIC 270, 276 (2003).

719 Cf. Articles 96 to 100 of the CTMR.

## a) Infringement actions

Article 96(a), (b) and (c) of the CTMR establishes competence of CTM courts in relation to various actions. These courts may, for instance, adjudicate on an action concerning infringement of a CTM, or an action the result of which would be a declaratory judgment confirming that the plaintiff does not infringe a particular CTM. Similarly, CTM courts have powers to deal with actions concerning “threatened infringement relating to Community trade mark”.<sup>720</sup> It is important to note that for CTM courts to have powers to deal with actions of threatened infringements or those concerning a declaration of non-infringement, the national law of a Member State in which a respective CTM court is situated must be permissive.<sup>721</sup> This implies that the CTM courts, being established under the national law on one hand, and being part of the national legal system on the other, have to take account of the national law with the result that in the event of a conflict with the Community law (i.e. the CTMR) such as where the national law ousts jurisdiction of the national courts in respect of certain aspects of CTM enforcement, the national law will prevail over the Community law granting powers in respect of those aspects.

EU jurisprudence confirms that an application for a CTM registration confers a property right even before such an application matures to registration. Article 9(3) of the CTMR reiterates this position. It provides that “Reasonable compensation may... be claimed in respect of matters arising after the date of publication of a Community trade mark application, which matters would, after publication of the registration of the trade mark, be prohibited by virtue of that publication”. Analogous to this reality, is the legal position stipulated under Article 96(c) of the CTMR, which empowers a CTM court to adjudicate on some conflicts arising out of the use by third parties of a plaintiff’s sign, while the said sign was a subject of a CTM application at the time when the defendant applied the sign to his goods. While there is nothing in the CTMR to prohibit the CTM courts from dealing with infringing use of a sign which is a subject of a published CTM application, the courts have unhampered liberty to defer such actions to a future date after a registration certificate is issued.<sup>722</sup>

720 Cf. Article 96(a) of the CTMR.

721 Cf. Articles 96(a) and (b) of the CTMR.

722 Cf. Article 9(3) of the CTMR, last sentence.

## b) Validity of a Community trade mark

OHIM and CTM courts enjoy concurrent competence to deal with CTM revocation and invalidity proceedings. Where the actions relating to revocation and declaration of invalidity of a CTM have not yet been raised before the CTM courts by way of counterclaim, OHIM has an exclusive jurisdiction to determine the fate of a CTM insofar as the counterclaim is concerned.<sup>723</sup> OHIM's decision on a counterclaim has a *res judicata* effect. Where OHIM determines a dispute relating to revocation or a declaration of invalidity of a CTM, finally and conclusively, the counterclaim in relation to the same issues as determined by OHIM and in relation to the same parties may not be pleaded successfully in an infringement action before the CTM courts.<sup>724</sup>

The CTM courts cannot deal with revocation or invalidity proceeding *suo motu*. They must, while dealing with infringement suits, proceed on an assumption that a registered CTM is valid.<sup>725</sup> Presumption of CTM validity is nonetheless rebuttable. A defendant may, in an infringement action, plead a defence of counter claim putting a validity of a CTM concerned in issue.<sup>726</sup> In this scenario, a CTM court seized of the matter, by virtue of Article 96(d) of the CTMR, must conduct a trial within a trial – a stance which may lead to a declaration of invalidity (or confirmation of validity), or revocation of the CTM rights concerned. However, where the CTM proprietor requests, a CTM court may, as an option, decide not to conduct the “trial within a trial”, and, instead, stay the main proceedings with the order being given to the defendant requiring him to submit his counterclaim to OHIM. The court will, however, be waiting for the outcome of the counterclaim to proceed with the infringement action. If the defendant does not take the counterclaim to OHIM, the CTM court will deem such a claim to have been withdrawn.<sup>727</sup>

## 2. International jurisdiction

Article 97 of the CMR, which describes international jurisdiction of CTM courts, determines jurisdiction based on three main factors, namely, a close connection

723 Cf. Article 51 to 53 of the CTMR.

724 Cf. Article 100(2) of the CTMR.

725 Cf. Article 99(1) of the CTMR.

726 “The validity of a Community trade mark may not be put in issue in an action for a declaration of non-infringement” (cf. Article 99(2) of the CTMR).

727 Cf. Article 100(7) of the CTMR.

of the parties and the courts, the factors contained in the Brussels Regulation, and a place where a harmful act takes place.

a) Connection of parties and courts

Article 97 (1) to (3) of the CTMR devises a certain logical approach to the question of jurisdiction, by granting powers to the CTM courts on account of domicile or establishment of the defendant or the plaintiff. Where these two elements cannot be traced in the EU, a CTM court of general jurisdiction has to be identified. The following checklist is instrumental for the determination of international jurisdiction stipulated in the above provisions:

- Is the defendant's place of domicile traceable in one of the Member States? If the answer is in the affirmative, then the CTM court of the Member State concerned will have powers to determine the dispute in issue (cf. Article 97(1)).
- If the answer to the above question is in the negative, the question whether a defendant is commercially established in one of the Member States has to be determined. If it is found that the defendant is established in the EU, the CTM court in the Member State where the defendant is established have power to deal with a dispute in issue (cf. Article 97(1)).
- If it appears that the defendant is neither domiciled nor established in the EU, the place of domicile or the place of establishment of the plaintiff will be decisive as to the CTM courts with jurisdiction to litigate on issues concerning a CTM. The result here will be that the CTM courts of the Member State in which the plaintiff is domiciled or established will have powers to deal with a CTM by virtue of that domicile or establishment (cf. Article 97(2)).
- Suppose that both the defendant and the plaintiff have neither their domicile nor establishment in the EU. The CTM courts of Spain (which have general international jurisdiction by virtue of the fact that Spain is the Member State in which OHIM has its seat) will have powers to deal with any action relating to a CTM (cf. Article 97(3)).

It should be noted that the above checklist must be observed strictly and consecutively.<sup>728</sup>

## b) Factors contained in the Brussels Regulation

Article 97(4) of the CTMR provides a special category of jurisdiction to a CTM court which, pursuant to the checklist in (i) above, would not have jurisdiction to deal with a dispute concerning a CTM, but for the agreement reached between the parties;<sup>729</sup> or, because the defendant has entered an “appearance before a different Community trade mark court”.<sup>730</sup> In essence, Article 97(4) provides a supplemental jurisdiction to CTM courts. It states clearly that the provisions of Articles 23 and 24 of the Brussels Regulation may be taken into account to determine a court with competence to deal with CTM suits.

The following checklist, which is based on the provisions of Articles 23 and 24 of the Brussels Regulation, may aid a CTM court to establish whether it is competent to deal with a dispute relating to CTM infringement:

- Have the parties to the suit concluded an agreement indicating their preference as to a suitable forum to deal with the dispute? If the answer is ‘yes’, then this forum has a full legal mandate to deal with a dispute.
- Is there any forum which may constructively be deemed as a place of domicile of the defendant so as to confer jurisdiction on the CTM courts of this forum? Article 24 of the Brussels Regulation, may be applied to confer jurisdiction on the courts before which a defendant enters an appearance. However, a note of caution looms high here: the rule laid down in Article 24 cannot be relied upon to confer jurisdiction on a court if the defendant entered appearance solely to contest jurisdiction of the said court.

As an advantage of the party autonomy enshrined in Article 23 of the Brussels Regulation, litigants are able to “avoid the compartmentalization of the dispute

728 Cf. JENKINS, N., “Litigation: Jurisdiction and procedure” in: POULTER, A., BROWNLOW, P. & GYNGELL, J. (eds.), “the Community Trade Mark: Regulations, Practice and Procedure” (2nd ed., Release #4) XI.5 (INTA, New York 2005).

729 Cf. Article 77(4) (a) of the CTMR.

730 Article 97(4) (b) of the CTMR.

in many legal systems” and hence, the possibility to “foresee the applicable law”.<sup>731</sup>

c) Place where harmful act takes place

Article 97(5) of the CTMR provides an alternative approach to the question of a court with jurisdiction to deal with disputes concerning CTMs. Pursuant to this provision, an infringement suit may be brought in a forum in which a harmful act takes place, irrespective of whether the defendant or the plaintiff is domiciled or established in the forum. However, this source of jurisdiction, entitles the CTM courts of the forum where an infringement takes place to deal only with the suits concerning actions described under Article 96 of the CTMR,<sup>732</sup> but subject to the exception stipulated under Article 97(5) of the CTMR. According to this exception, the court which assumes jurisdiction by virtue of Article 97(5) has no power to deal with “actions for a declaration of non-infringement of a Community trade mark”.

### 3. Delimitation of jurisdiction

Article 98 of the CTMR distinguishes the powers of the courts having jurisdiction by virtue of Article 97 (1) to (4), and those of the courts having jurisdiction to deal with CTM disputes based on Article 97(5). If the CTM court finds that it has jurisdiction based on the sole fact that the harmful act has taken place in its own territory in accordance with Article 97(5), its competence will be limited to the events of infringement or to acts of threats of infringement committed in that territory only.<sup>733</sup>

However, a different result might be confirmed if the CTM court decides that it has jurisdiction on the basis of Article 97(1) to (4).<sup>734</sup> The extent of jurisdiction is not limited to the events of infringements or acts of threat of infringement of a registered CTM or in respect of a sign whose application for registration is already published that take place in the country where the said CTM court is

731 PERTEGAS, M., “Intellectual property and choice of law rules”, in: MALATESTA, A. (ed.), “The unification of choice of law rules on torts and other non-contractual obligations in Europe” 236 (CEDAM, Padova/Milan 2006).

732 *Cf.* Section D (II)(1)(a) of this chapter.

733 *Cf.* Article 98(2) of the CTMR.

734 See section D (II)(2)(a) & (b) of this chapter.

situated. These courts have a mandate under Article 98(1) to deal with any infringement acts, which take place in any EU Member State. It follows naturally that an action can be brought before a German court, where the defendant is domiciled or established, in respect of an act of infringement committed in England.

#### 4. Related, simultaneous and successive actions

The courts dealing with trademark disputes are required under the law<sup>735</sup> to decline their power to deal with the disputes arising out of claims, which are related. Thus, “actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings”.<sup>736</sup> This may happen in two scenarios, namely, where only the CTM rights are in issue, or where the CTM rights and the national rights are in question, given that the CTM and the national trademark both are similar, owned by a single person and used in relation to similar/identical goods and/or services.

##### a) Similar Community trade mark claims

When it comes to specific claims regarding CTM infringement, Article 104 of the CTMR, stipulates the conditions which must be fulfilled before a CTM court is obliged to renounce its jurisdiction. The Article reads as follows:

A Community trade mark court hearing an action referred to in Article 96, 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 parties, stay the proceedings where the validity of the Community trade mark is already in issue before another Community trade mark court...<sup>737</sup>

CTM courts and OHIM work closely. For instance, OHIM is also required to stay proceedings relating to revocation or declaration of invalidity, if these issues are already before a CTM court, being brought there by way of a counter-claim defence.<sup>738</sup> However, the fact that the CTM court is obliged to stay the

735 Cf. Articles 27 and 28 of the Brussels Regulation, as well as Articles 104 and 109 of the CTMR.

736 Article 28(3) of the Brussels Regulation.

737 Article 104(1) of the CTMR.

738 Article 104(2) of the CTMR.

proceedings does not mean that the court is barred from ordering “provisional protective measures for the duration of the stay.”<sup>739</sup>

Article 104 of the CTMR takes the cause of legal certainty by reinforcing the idea that favours avoidance of contradictory judgments and unfounded legal proceedings. Nevertheless, the provisions of Article 104 of the CTMR do not apply in relation to a declaration of non-infringement. The provisions only apply in respect of counterclaim, which might have effects of revoking, or which might lead to the declaration of invalidity of, the rights concerned.

#### b) Related Community trade mark and national trademark claims

Article 109 of the CTMR describes some instances under which simultaneous and successive actions based on a CTM or national trademarks may oblige a CTM court to decline its own jurisdiction in favour of another CTM court first seized of the matter. Article 109(1) for instance, proceeds on hypothetical facts reflecting a scenario under which simultaneous proceedings are brought before courts of two different Member States. While the infringement claims brought before one of the courts is based on a CTM, the other claim is based on a national trademark. For the rule under Article 109(1) of the CTMR to apply, two alternative questions must be answered in affirmative:<sup>740</sup> (a) Do the CTM and the national trademark concerned fulfil the “triple-identity” rule? The question seeks to determine whether the marks and the goods or services and the owners are the same. (b) Are the CTM and the national trademark concerned identical and protected for similar goods or service? If no, are the CTM and the national trademark concerned similar and protected for identical goods or services?

An affirmative response to question (a) will mean that the “court other than the court first seized shall of its own motion decline jurisdiction in favour of that court” and where the jurisdiction of the court first seized of the matter is challenged, the other court may stay its proceedings pending determination of the jurisdictional question. The positive response to question (b) will mean that the court other than the one first seized of the matter will not be obliged to decline its jurisdiction, but may deem it wise to stay the proceedings.

Interpretation of Articles 27 and 28 of the Brussels Regulation may also serve as guidance for the interpretation of Article 109 (1) (a) & (b) of CTMR. Article 27 leads to a conclusion that jurisdiction is to be declined even where the CTM court first seized of the matter has not yet determined its jurisdiction. As a matter

739 Article 104(3) of the CTMR.

740 *Cf.* Article 109(1) (a) & (b) of the CTMR.

of principle, the courts second seized of the matter cannot determine their jurisdiction, unless the court first seized has already determined that it has no power to deal with the suit. The matter becomes more complicated as a list of various courts which might have declined their jurisdictions, by paying patronage to this rule, have to be established according to a cascading order, with the consequence that each court has to determine whether it has jurisdiction upon a negative conclusion regarding the jurisdiction by the court first seized of the matter. This likelihood raises a cause for concern given that whilst courts are busy determining their jurisdiction, an abeyance of proceedings will not be avoided. If several courts are required to decide, consecutively, on jurisdictional issues (as explained above), the enforcement system established under the CTMR cannot avoid criticisms for it condones dilatory measures, to an extent which could eventually jeopardise the attractiveness of the Community trade mark.

Article 28 deals with the situation where the court first seized of the dispute has already established its jurisdiction and is already considering the claim, under which event this court should be left alone to deal with matter.

On the other hand, successive actions – one based on the CTM and another based on the national trademark and vice versa – may trigger a court hearing an infringement suit to reject the second claim.<sup>741</sup> The scenario, which is reflected under Article 109(2) & (3) of the CTMR describes the reality that a proprietor of a CTM and of a corresponding national trademark registration may seek to sanction infringement of trademark either by (a) suing in the national court for infringement of the national trademark corresponding to the CTM, or by (b) suing for the infringement of the CTM corresponding to the national trademark.

If, pursuant to alternative (a) the court dealing with the matter has finally and conclusively pronounced a judgment on merits of the case, such a decision has a *res judicata* effect with respect to any claim that would be brought before the court by the proprietor in respect of infringement perpetuated by the same defendant. It is no defence for a plaintiff to plead that the judgment on merits serving as a *res judicata* was in respect of an infringement of a national trademark and that the current claim is based on an infringement of a CTM. The overriding point, which guides the court in rejecting the claim, is the fact that the national trademark and the CTM are actually the same, falling under a single ownership. Alternative (b) means the opposite of alternative (a). Here the claim already determined on merits was based on a CTM infringement, which will

<sup>741</sup> Cf. FAWCETT, J. J. & TORREMANS, P., “Intellectual Property and Private International Law” 338 (Oxford Univ. Press, Oxford 1998).

serve as a *res judicata* against filing a claim regarding the same infringement, but this time based on the national trademark.

Article 109(2) & (3) does not envisage a situation where the infringement suits are instituted concurrently, for if this were the case, then the situation depicted in the provision would hardly happen since the court would be required to decline its own jurisdiction in favour of the court first seized of the matter as per Article 109(1). What must be made clear is that the provisions of Article 109(2) & (3) equate claims arising out of an infringement of national trademark and a CTM as a single claim and thus restricting splitting a single claim into two. This is essentially a recognition and practical application of the principle of “*res judicata*”. Recognition of the principle under the enforcement system established under the CTMR removes in part the likelihood of having conflicting decisions since several courts may have jurisdiction to try similar or one and the same claim. On the other hand, such recognition confirms that even if the enforcement mechanism established under the CTMR subjects itself to the jurisdiction of various courts, those courts are regarded as one and same court – a fact which reaffirms the unitary characteristics of a registered CTM.

## 5) Jurisdiction to award temporary reliefs

The CTMR, in its Article 103, uses the phrase “provisional and protective measures” to refer to the term “temporary relief”. The phrase “provisional, including protective, measures” within the meaning of Article 103(1) of the CTMR is regarded to refer to measures which, in matters within the scope of the CTMR, “are intended to preserve a factual or legal situation so as to safeguard rights the recognition of which is otherwise sought from the court having jurisdiction as to the substance of the case”.<sup>742</sup>

Both the national courts and the CTM courts have concurrent jurisdiction to grant “provisional, including protective, measures in respect of a Community trade mark or a Community trade mark application as may be available under the law of that state in respect of a national trade mark”. The courts’ power to grant temporary relief cannot be assailed solely on the ground that a CTM court of another Member State has a jurisdiction to deal with the substance of the matter.<sup>743</sup>

742 Cf. Case C-391/95 *van Uden Maritime* [1998] ECR I-07091, para. 37. Cf. also Case C-261/90 *Mario Reichert v Dresdner Bank AG* [1992] ECR I-02149, para. 34.

743 Cf. Article 103(1) of the CTMR.

While an agreement between the parties can exclude jurisdiction of the courts, which seek to determine the suits finally and conclusively, courts' power to grant temporary relief is an inherent mandate which cannot be ousted by an agreement since, where granted, a temporary relief does not determine the matter finally and conclusively.<sup>744</sup>

However, Article 103(2) of the CTMR delimits the extent of the effects of the temporary reliefs that may be granted pursuant to Article 103(1) of the CTMR. Consequently, the decisive factor as to whether a court considering granting the provisional and/or protective measure has power to grant the corresponding relief with effects beyond the Member State in which the court has its seat, depends on whether the said court has jurisdiction to deal with the matter based on the establishment or domicile of the defendant or the plaintiff.<sup>745</sup> If the court's source of jurisdiction is other than the foregoing,<sup>746</sup> then the resulting order will have effects only to the scale of a single Member State where the court issuing such an order is situated.

### *III. Applicable law*

#### 1. Rome II Regulation

The general choice of law rule in intellectual property infringement actions in Europe is contained in Article 8 of Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (henceforth, Rome II).<sup>747</sup> According to the Article "the law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed".<sup>748</sup> The Article provides further that "in the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not

744 Cf. Case C-391/95 *van Uden Maritime* [1998] ECR I-07091, para. 48.

745 It must be recalled that constructive domicile or establishment of the parties can be inferred where the parties concerned enter into an agreement requiring them to submit their dispute to the courts of the country stipulated in the agreement, or where the defendant voluntarily submits himself before the courts of a Member State. See in this respect, section D (II) (2) (a) and (c) of this chapter.

746 Such as where the jurisdiction is based on Article 97(5) of the CTMR, i.e., the place where an act of infringement or an act of threatening infringement takes place.

747 According to its Article 32, Rome II entered into force on 11 January 2009 in respect of all provisions except Article 29, which entered into force on 11 July 2008.

748 Article 8(1) of Rome II.