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EUROPEAN UNION: CJEU Clarifies “Mark with Reputation” in IMPULSE Case

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On September 3, 2015, the Court of Justice of the European Union (CJEU) delivered a decision in response to a request for a preliminary ruling from the Budapest Municipal Court, Hungary, which was deciding an appeal to a refusal to register a trademark applied for by Iron & Smith kft.

The case originates in an opposition filed by Unilever NV, which is the proprietor of a 2006 Community trade mark (CTM) registration for the word mark IMPULSE for goods in Class 3. Unilever markets a line of “body spray” products under the Impulse brand.

In 2012, Iron & Smith applied to register the color figurative trademark BE IMPULSIVE in Hungary, but the application was opposed by Unilever. Rather than arguing that there was a likelihood of confusion with its earlier CTM, Unilever relied on the broader scope of protection for marks with reputation under Article 4(3) of Directive 2008/95/EC. The Hungarian Intellectual Property Office refused registration of the mark, and this decision was appealed by Iron & Smith at the Budapest Municipal Court.

The central issue in the case was whether Unilever had sufficiently established that the cumulative conditions for the application of Article 4(3) of the Directive were met; namely, (1) that the earlier CTM has a reputation in a substantial part of the European Union and (2) that the use of the later (national) trademark takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier CTM.

In the opposition proceedings, Unilever had submitted evidence of advertising and substantial sales of IMPULSE products in the United Kingdom and Italy, in which these products represented 5 percent and 0.2 percent of the market, respectively. Unilever did not submit evidence concerning reputation in Hungary. In the appeal proceedings, the Budapest Municipal Court asked the CJEU for a preliminary ruling to clarify the application of Article 4(3) of the Directive.

The first question considered by the CJEU was, “[W]hat conditions ... are to be met in order for a Community mark to be regarded as having a reputation in the European Union?” The CJEU reiterated that the conditions for reputation are distinct from those considered when establishing genuine use of a mark. For reputation, a mark must be “known by a significant part of the public concerned by [sic] the products or services covered by that trade mark,” as evidenced by “the market share[,] ... intensity, geographical extent and duration of its use” and the proprietor’s efforts in promoting the mark.

The CJEU stated that the “substantial part of the territory of the European Union” could be within a single EU Member State, and that this may or may not be the same as the Member State in which the opposed national mark had been filed.

The second question considered by the CJEU was whether a proprietor of a mark with reputation enjoys reliance on Article 4(3) if the reputation had not been established with the “relevant public in the Member State” at issue. The CJEU stated that such reliance was possible, but only if the CTM holder established that “a commercially significant part of that public is familiar with that mark, makes a connection between it and the later national mark” and that there is either actual injury to the CTM or “a serious risk” that such injury may occur. The risk of occurrence of such injury rises with

the strength of the earlier mark.

The ruling closely follows the opinion by the Advocate General N. Wahl published in March 2015.

Although every effort has been made to verify the accuracy of items in the *INTA Bulletin*, readers are urged to check independently on matters of specific concern or interest.

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