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## IPEC jurisdiction on EUTM infringement

Julius Stobbs (Stobbs IP) · Thursday, November 3rd, 2016

On 18 October 2016, His Honour Judge Hacon ('Hacon') handed down his decision in **AMS Neve Limited v Heritage Audio S.L. [2016] EWHC 2563 (IPEC)**. This concerned an application, under the Civil Procedure Rules Part 11, by the Spanish defendant 'Heritage' for a declaration that the English Courts do not have jurisdiction to try the proceedings for trade mark infringement and passing off brought against it by AMS (a UK company) in the UK Intellectual Property Enterprise Court (IPEC).

Hacon dismissed the application in respect of the claim for UK trade mark infringement and passing off, but granted it in relation to AMS's claim for EU trade mark ('EUTM') infringement, agreeing that the UK, hence the IPEC, did not have the requisite jurisdiction to hear the EUTM claim.

Anyone familiar with the IPEC Guide (July 2016 version) knows that it clearly states in respect of jurisdiction (at 1.2, page 4) that:

*The IPEC is set up to handle intellectual property cases of all kinds including patents, designs (registered and unregistered, Community and UK national), trade marks (UK and EU), passing off, copyright, database right, other rights conferred by the Copyright Designs and Patents Act 1988 and actions for breach of confidence.*

So how did Heritage pull this off?

### Jurisdiction rules

The crux of the matter relates to the jurisdiction rules for the rights that are alleged to have been infringed. Hacon outlined a clear distinction between the rules that apply to the infringement of national trade mark rights and those that apply to EUTM rights.

In the case of the infringement of national trade mark rights, the jurisdiction rules are governed by **Regulation (EU) No. 1215/2012**. As an exception to the general rule that a defendant should be sued in the country in which he/she/it is domiciled, Article 7(2) provides that infringement proceedings may also be brought in the courts for the place where "*the harmful event occurred or may occur*".

Whilst the findings of fact in this case were only preliminary (as this was not the full trial of the initial action), Hacon considered that there was an offer for sale of goods in the UK by virtue of the

website which was directed towards potential UK customers. Taking into account Case C-523/10 Wintersteiger AG v Products 4U Sondermaschinenbau GmbH [2012] ETMR 31, Hacon concluded that the offer for sale meant that the harmful event (for the purposes of Article 7(2)) had occurred in the UK, so it was the jurisdiction of the courts of England and Wales to consider whether this amounted to infringement and/or passing off of the UK trade mark rights held by AMS.

Conversely, in the case of the infringement of EU trade mark rights, the issues of jurisdiction are governed by Council Regulation (EC) No. 207/2009, Article 97(5) of which permits an action to be brought in the Court of the Member State in which the *“act of infringement has been committed or threatened”*. This is intended to provide an exception to the general rule in Article 97(1) that proceedings should be brought against a defendant in the Member State in which he/she/it is domiciled.

With reference to the line of reasoning adopted by the CJEU in Case C-360/12 Coty Germany GmbH v First Note Perfumes NV [2014] ETMR 49, Hacon considered that the place where the harmful event had occurred for the purposes of national rights, and the place where the infringement had been committed or threatened for the purposes of EUTM rights, were not necessarily one and the same.

Hacon discerned that, in determining the place where the infringement has been committed, the CJEU in Coty had drawn a distinction between the act of uploading the infringing content onto a website, and the subsequent display of those website contents to customers. Accordingly, since the defendant in the present case was domiciled, hence physically located, in Spain at the time of creating the website, Hacon deemed that the alleged acts of infringement were carried out in Spain, and not in the UK where the website was being viewed by UK customers. By this reasoning, Hacon concluded that only a Spanish Court had jurisdiction to hear the EUTM action.

### **Food for thought**

For the purposes of assessing jurisdiction for EUTM infringement, logic dictates that a defendant will, more often than not, be physically located in the same Member State as that in which they are officially domiciled when the act of infringement is committed. It could therefore be argued that Hacon’s decision on this point results in a very narrow margin of application for Article 97(5). Some may query if this interpretation undermines the very point of its existence, namely to provide claimants with an alternative to suing a defendant in the Member State in which he/she/it is domiciled.

A further undesirable consequence of this interpretation is that it will be necessary for brand owners faced with similar circumstances to bring claims for infringement in multiple jurisdictions before separate courts. This ‘procedural inefficiency’ was acknowledged by Hacon in paragraph 68 of his judgment but he concluded that he had not been presented with any provisions that would permit consolidation and nor did he see any “risk of irreconcilable judgments”.

From a practical perspective, the decision creates an imperative to pin down exactly the circumstances in which UK brand owners will not be able to pursue a claim before the IPEC on the basis of EUTM infringement. In this case, it was disputed from the preliminary evidence whether there had been any direct sales into, and use of the mark in, the UK. Had there been GBP invoices to UK customers, with a GBP check-out and UK shipping option on the website, one presumes that this would have enabled Hacon to find that the infringement had been committed in the UK,

thereby granting IPEC jurisdiction also to hear the EUTM claim.

Whilst the circumstances in this case may be uncommon, it nonetheless serves to highlight a little known issue that EUTM owners can face regarding the jurisdiction of infringement claims. One possible safety-net would be for brand owners also to secure national trade mark registrations in the EU Member States making up their key markets. After all, if AMS had only had a EUTM registration to rely upon in these proceedings, their entire action would now need to be brought in Spain, and it could not be heard by the IPEC in their home (UK) jurisdiction. The registration of, and reliance upon, national rights in this way could therefore ensure that the relevant local national Court to the brand owner has jurisdiction over any active infringing conduct that takes place.

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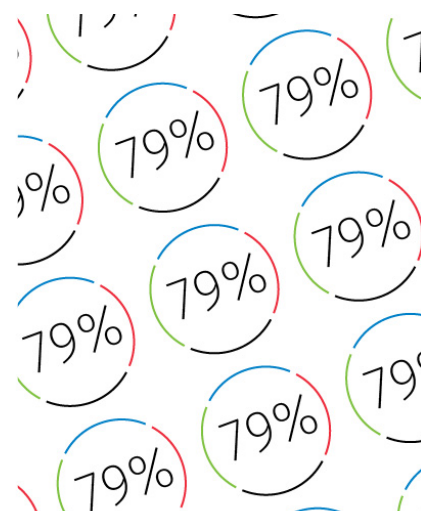
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