

CJEU rules on independent subcategories of goods

On 16 July 2020, the Court of Justice of the European Union (“CJEU”) delivered a judgment addressing the notion and specific criteria defining independent subcategories of goods and services.¹

In its decision, which ended a six-year dispute between two clothing brands specializing in dissimilar fashion styles, the CJEU confirmed the position of the General Court that different styles of clothing did not constitute independent subcategories within the same type of goods in Class 25 (*clothing*). The present case is interesting since the correct identification of independent subcategories can also affect the assessment of whether a trade mark has been put to genuine use.

Background of the dispute

On 28 December 2012, ACTC GmbH, a German clothing company specializing in street clothing, filed an application for registration of the TIGHA sign as an EU trade mark. Taiga AB, a Swedish manufacturer of weather-protective outdoor clothing, was the proprietor of the earlier TAIGA trade mark. Both companies applied for trade mark protection for goods within Class 25, but they were offering, as ACTC subsequently argued, dissimilar ranges of clothing intended for different types of consumers.

Further, the Swedish company filed a notice of opposition against the registration of TIGHA on the ground of the existing likelihood of confusion.² The EUIPO³ rejected the opposition in its entirety on the ground that due to the phonetic and conceptual differences between TAIGA and TIGHA, the overall impression given by them was sufficiently different.

However, the Board of Appeal upheld the contention that there was a likelihood of confusion since the use of the TAIGA trade mark had been proven for certain goods in Class 25, which were identical or similar to the goods covered by the TIGHA trade mark application. Moreover, it was confirmed that the signs in question were highly similar from a visual perspective, phonetically identical, and could be perceived by consumers as coming from the same or a related entity.

In the next round, ACTC unsuccessfully brought an action for the annulment of the decision before the General Court. The company then appealed to the CJEU questioning the criteria and methodology applied by the court of the first instance to define the notion ‘part of the goods and services’ within the meaning of Article 42(2) of Regulation No 207/2009. ACTC claimed that the articles of clothing for which proof of use of the trade mark had been provided should constitute a distinct subcategory of goods within Class 25. According to the appellant, the clothing produced by two companies were intended for different ranges of use, namely *to cover, conceal, adorn or protect the human body*, targeted different publics, and were sold in different shops.

Criteria for determination of an independent subcategory

While assessing the notion of ‘part of the goods and services’, the CJEU followed the rule set out in its previous decisions. The court confirmed that a subcategory of the goods should be identified based on a

¹ C-714/18 P.

² Article 8(1)(b) of Regulation No 207/2009 (replaced by Regulation 2017/1001)

³ The Opposition Division of the European Union Intellectual Property Office

criterion enabling that subcategory to be determined with sufficient precision.⁴ Consumers are looking primarily for goods and services to satisfy their specific needs, therefore, the purpose and intended use of the goods and services is the only criterion to define an independent subcategory of goods.⁵

Most importantly, the goods usually have several purposes and intended uses that should be considered in their entirety and complexity. Such an approach allows for the rights and interests of the holder of the earlier trade mark, including the interest to develop and expand the range of goods and services for which the trade mark was registered to be taken into account. The court held that it was impossible to assess different types of uses in isolation since those different uses were combined for the single purpose of putting the goods on the market.⁶

Consequently, the articles of clothing claimed by both parties could not be regarded as independent and substantially different. The court thereby rejected the idea that different fashion styles of clothing could be viewed as independent subcategories of the same goods within one class.

The CJEU also confirmed the position of the General Court that other criteria such as the nature and characteristics of the product, targeted publics, and distribution chain were not relevant for defining an independent subcategory of goods because they exclusively serve the purpose of assessing the relevant public.⁷

Genuine use

Defining an independent subcategory of goods is especially relevant for establishing whether a trade mark has been put to genuine use.⁸ It is essential to decide whether the use has been established in relation to an independent subcategory of goods or services or the whole category (if it is impossible to identify any independent subcategories).

The CJEU confirmed the previous case law and the position of the Advocate General, according to which there are two possible scenarios for establishing genuine use in respect of subcategories of goods within one class of goods and services.

First, a trade mark has been registered for goods or services defined so precisely and narrowly that it is impossible to make any further subdivision within this category. Under this scenario, it is sufficient to prove genuine use of a trade mark in relation to a part of the goods in such category.

Second, a trade mark has been registered for a category of goods which is sufficiently broad for it to be possible to identify a number of subcategories that could be viewed independently. Thus, proof of use of the trade mark should be given in relation to each subcategory claimed by the applicant.⁹

This approach goes to the heart of the fair balance between the exclusive rights and interests of the trade mark holder and the right of others to use the trade mark for different ranges of goods and services if they are sufficiently distinct and forming an independent subcategory.

⁴C-714/18 P para 40.

⁵C-714/18 P para 44.

⁶C-714/18 P para 52.

⁷C-714/18 P para 53.

⁸Within the meaning of the first sentence of Article 42(2) of Regulation No 207/2009

⁹C-714/18 P paras 42-43.

Taiga proved genuine use of the earlier trade mark in relation to weather-protective outdoor clothing, which could not be regarded as substantially different from other goods that constitute a part of the general category of *clothing*. Therefore, it was sufficient to show genuine use in relation to a part of the goods in such category.

Likelihood of confusion

ACTC also requested that the court should make a new assessment of the phonetic and visual similarities (a new assessment of the facts) between the signs in question. However, the CJEU found this request to be inadmissible because ACTC did not contend any error of law before the General Court.¹⁰

Moreover, ACTC asserted that there existed conceptual differences capable of offsetting the visual and phonetic similarities between the signs at issue. ACTC argued that the word ‘taiga’ had a very specific and immediate meaning ‘not only for average consumers from the north and east of the European continent but also for those from the south of the continent as well as for English-speaking consumers.’ Nevertheless, the court held that the meaning of a word should be assessed with regard to the way it was understood by the relevant public as a whole, and not restricted to the part of the relevant territory.¹¹ That is why, according to the court, it was highly questionable that some consumers in southern and western parts of the EU were familiar with the meaning of the word ‘taiga’.

Consequently, the CJEU dismissed the action in its entirety.

Possible implications

Trade marks constitute an essential asset allowing companies to grow their business and sometimes even expand from one industry to another. Businesses are naturally interested to have the list of goods and services covered by trade mark applications as extensive as possible to safeguard a future possibility for brand extension.

When it comes to specification, it is difficult for an applicant to determine the subcategories of goods or services for the application, bearing in mind that genuine use must be demonstrated in relation to the claimed subcategories. Therefore, trade mark applicants should be cautious when determining whether their application covers a homogeneous category of goods and services, when it is impossible to make any further subdivision, or a heterogeneous category of goods and services consisting of independent subcategories.

It is especially relevant, bearing in mind the recent judgment in the *Sky v SkyKick* case¹², where the UK High Court ruled that the excessively broad category of goods and services with no intention to use the trade mark for all such claimed goods and services constituted bad faith and could thus lead to cancellation of the registration wholly or partly.

¹⁰C-714/18 P para 68.

¹¹C-714/18 P para 77.

¹²*Sky Plc & Ors v Skykick UK Ltd & Anor* [2020] EWHC 990 (Ch) (29 April 2020).

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The aforementioned two cases show the different level of specificity that is required for a trade mark to be valid. Therefore, it is important for applicants to carefully consider the relevant scope of the intended use and appropriate classes for registration when applying for trade mark protection.

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