

Court of Justice EU, 19 October 2017, Raimund v Aigner



## TRADE MARK LAW – LITIGATION

Article 99 (1) of Regulation No 207/2009 must be interpreted as meaning that an action for trademark infringement may not be dismissed on the basis of an absolute ground for invalidity, without that counterclaim for a declaration of invalidity being upheld

- It follows from the above considerations that Article 99(1) of Regulation No 207/2009 must be interpreted as meaning that an action for infringement brought before an EU trade mark court in accordance with Article 96(a) of that regulation may not be dismissed on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, without that court having upheld the counterclaim for a declaration of invalidity brought by the defendant in that infringement action, pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity.

When the decision of the counterclaim for a declaration of invalidity has not become final, the provisions of regulation No 207/2009 do not stand in the way of an EU trade mark court dismissing an action for infringement within the meaning of article 96 a of that regulation on the basis of an absolute ground for invalidity

- In those circumstances, the answer to the second question is that the provisions of Regulation No 207/2009 must be interpreted as not precluding an EU trade mark court from being able to dismiss an action for infringement within the meaning of Article 96(a) of that regulation on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, even though the decision on the counterclaim for a declaration of invalidity, brought pursuant to

Article 100(1) of the regulation, and based on the same ground for invalidity, has not become final.

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Court of Justice EU, 19 October 2017

(E. Juhász, K. Jürimäe and C. Lycourgos)

JUDGMENT OF THE COURT (Ninth Chamber)

19 October 2017 (\*)

(Reference for a preliminary ruling — Intellectual and industrial property — EU trade mark — Regulation (EC) No 207/2009 — Article 96(a) — Infringement proceedings — Article 99(1) — Presumption of validity — Article 100 — Counterclaim for a declaration of invalidity — Relationship between an action for infringement and a counterclaim for a declaration of invalidity — Procedural autonomy)

In Case C-425/16,

REQUEST for a preliminary ruling under Article 267 TFEU from the Oberster Gerichtshof (Supreme Court, Austria), made by decision of 12 July 2016, received at the Court on 1 August 2016, in the proceedings

Hansruedi Raimund

v

Michaela Aigner,

THE COURT (Ninth Chamber),

composed of E. Juhász, acting as President of the Chamber, K. Jürimäe and C. Lycourgos (Rapporteur), Judges,

Advocate General: M. Campos Sánchez-Bordona,

Registrar: A. Calot Escobar,

having regard to the written procedure,

after considering the observations submitted on behalf of:

– Mr Raimund, by C. Hadeyer, Rechtsanwalt,

– Ms Aigner, by F. Gütlbauer, S. Sieghartsleitner and M. Pichlmair, Rechtsanwälte,

after hearing the Opinion of the Advocate General at the sitting on 20 June 2017,

gives the following

### Judgment

1. This request for a preliminary ruling concerns the interpretation of Article 99(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark (OJ 2009 L 78, p. 1).

2. The request has been made in proceedings between Mr Hansruedi Raimund and Ms Michaela Aigner concerning an action for infringement of an EU word mark and a counterclaim for a declaration of invalidity of that mark.

### Legal context

3. According to recital 16 of Regulation No 207/2009, ‘decisions regarding the validity and infringement of [EU] trade marks must have effect and cover the entire area of the [European Union], as this is the only way of preventing inconsistent decisions on the part of the courts and the [European Union Intellectual Property Office (EUIPO)] and of ensuring that the unitary character of [EU] trade marks is not undermined’.

4. Article 1(2) of that regulation provides:

*'[An EU] trade mark shall have a unitary character. It shall have equal effect throughout the [Union]: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole [Union]. This principle shall apply unless otherwise provided in this Regulation.'*

5. In accordance with Article 6 of that regulation, an EU trade mark is to be obtained by registration.

6. Article 52 of Regulation No 207/2009, entitled 'Absolute grounds for invalidity', provides, in paragraph 1(b):

*'1. [An EU] trade mark shall be declared invalid on application to [EUIPO] or on the basis of a counterclaim in infringement proceedings:*

*...*

*(b) where the applicant was acting in bad faith when he filed the application for the trade mark.*

*...*

7. Article 96(a) and (d) of that regulation provides:

*'The [EU] trade mark courts shall have exclusive jurisdiction:*

*(a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to [EU] trade marks;*

*...*

*(d) for counterclaims for revocation or for a declaration of invalidity of the [EU] trade mark pursuant to Article 100.'*

8. Article 99 of the regulation, entitled 'Presumption of validity — Defence as to the merits', provides, in paragraph 1:

*'The [EU] trade mark courts shall treat the [EU] trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.'*

9. Under Article 100 of Regulation No 207/2009:

*'1. A counterclaim for revocation or for a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in this Regulation.*

*2. [An EU] trade mark court shall reject a counterclaim for revocation or for a declaration of invalidity if a decision taken by [EUIPO] relating to the same subject matter and cause of action and involving the same parties has already become final.*

*...*

*4. The [EU] trade mark court with which a counterclaim for revocation or for a declaration of invalidity of the [EU] trade mark has been filed shall inform [EUIPO] of the date on which the counterclaim was filed. The latter shall record this fact in the Register of [EU] trade marks.*

*...*

*6. Where [an EU] trade mark court has given a judgment which has become final on a counterclaim for revocation or for invalidity of [an EU] trade mark, a copy of the judgment shall be sent to [EUIPO]. Any party may request information about such transmission. [EUIPO] shall mention the judgment in*

*the Register of [EU] trade marks in accordance with the provisions of the Implementing Regulation.*

*...*

10. Article 104(1) and (2) of that regulation provides:

*'1. [An EU] 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 other parties, stay the proceedings where the validity of the [EU] trade mark is already in issue before another [EU] trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at [EUIPO].*

*2. [EUIPO], when hearing an application for revocation or for a declaration of invalidity 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 other parties, stay the proceedings where the validity of the [EU] trade mark is already in issue on account of a counterclaim before [an EU] trade mark court. However, if one of the parties to the proceedings before the [EU] trade mark court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. [EUIPO] shall in this instance continue the proceedings pending before it.'*

#### **The dispute in the main proceedings and the questions referred for a preliminary ruling**

11. Mr Raimund is the proprietor of EU word mark *Baucherlwärmer* under which he has, since approximately the year 2000, marketed a herbal base to be added to alcohol. Ms Aigner too sells a herbal mixture for adding to high-proof alcohol, which she also calls *Baucherlwärmer*.

12. Mr Raimund brought an action for infringement of the EU trade mark of which he is proprietor before the *Handelsgericht Wien* (Commercial Court, Vienna, Austria), so that Ms Aigner would be prohibited from using the sign '*Baucherlwärmer*' for goods and services in the classes covered by that mark. Ms Aigner, who is the defendant in the main proceedings and claimed, in particular, that Mr Raimund had obtained that mark improperly and in bad faith, brought a counterclaim for a declaration of invalidity of that mark before the same court.

13. The *Handelsgericht Wien* (Commercial Court, Vienna) decided to stay the proceedings in respect of that counterclaim until a final ruling on the action for infringement, which is the subject matter of the main proceedings. The order staying the counterclaim was set aside, however, and the counterclaim therefore remains pending at first instance. The action for infringement was dismissed by the *Handelsgericht Wien* (Commercial Court, Vienna) on the ground that Mr Raimund had filed the EU trade mark application in bad faith.

14. The *Oberlandesgericht Wien* (Higher Regional Court, Vienna, Austria) having upheld the first-instance

judgment on appeal, Mr Raimund lodged an appeal on a point of law with the Oberster Gerichtshof (Supreme Court, Austria).

15. The referring court considers that the applicant in the main proceedings did indeed obtain the EU trade mark at issue in the main proceedings in bad faith and that the trade mark should therefore be declared invalid, in accordance with Article 52(1)(b) of Regulation No 207/2009. However, it is uncertain, and the question was raised by Mr Raimund in his appeal, as to whether the two lower courts were entitled to rule on the question of bad faith in the infringement proceedings, when there was no final decision on the counterclaim for a declaration of invalidity of the mark.

16 In view of the fact that the defendant in the main proceedings is relying on an absolute ground for invalidity within the meaning of Article 52(1)(b) of Regulation No 207/2009, which, as Article 99(1) of that regulation provides, may be properly invoked in an action for infringement only if the defendant brings a counterclaim based on such a ground, the Oberster Gerichtshof (Supreme Court) asks whether it is sufficient that a counterclaim has been brought, alleging that trade mark rights have been obtained in bad faith, in order for the court to be able to dismiss an action for infringement before that counterclaim has been determined (first option); or whether the action for infringement may be dismissed on that ground only if the trade mark concerned is, at the very least simultaneously, declared invalid on the basis of the counterclaim (second option); or indeed whether a claim, in the context of the infringement action, that trade mark rights have been obtained in bad faith can succeed only if the trade mark has first been definitively declared invalid on the basis of the counterclaim (third option).

17. The referring court states that, in the present case, the success or failure of the action for infringement depends solely on the plea of invalidity. It proposes that the Court of Justice apply the second option, in so far as it follows from Article 99(1) of Regulation No 207/2009 that an action for infringement may be dismissed on account of the existence of a ground for invalidity only if, at least simultaneously, the counterclaim brought on the same ground is upheld. It considers that the mere bringing of such a counterclaim should not be sufficient but that, on the other hand, it should not be necessary to wait for the decision on the counterclaim to become final. It states that the question whether there is any obligation to wait for the decision on the counterclaim to be made final, the possible joinder of infringement proceedings and a counterclaim, and the structure of the appeal proceedings should be determined solely under national procedural law.

18. The referring court also states that the option which it recommends the Court of Justice apply ensures that the plea of invalidity or relating to revocation inter partes, put forward in the context of infringement proceedings, can succeed only if the trade mark is declared invalid or revoked for the same reason in the

context of the counterclaim, with effect erga omnes. In particular, the applicant in the main proceedings in the action for infringement would, if unsuccessful at first instance, have to challenge both the decision on the infringement action and the decision on the counterclaim in order to succeed on appeal. Were he to appeal only the decision on the infringement action, his appeal would be destined to fail because the decision on the counterclaim, which is *res judicata*, would a priori preclude the infringement action being successful.

19. However, the Oberster Gerichtshof (Supreme Court) acknowledges that the literal meaning or the purpose of Article 99 of Regulation No 207/2009 might also be interpreted otherwise than as it suggests.

20. In those circumstances, the Oberster Gerichtshof (Supreme Court) decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

*'1. May an action for infringement of an EU trade mark (Article 96(a) of Regulation No 207/2009) be dismissed on the ground of an objection that the trade mark application was filed in bad faith (Article 52(1)(b) of Regulation No 207/2009) if, despite the defendant having brought a well-founded counterclaim for a declaration of invalidity of the EU trade mark (Article 99(1) of Regulation No 207/2009), the court has not yet ruled on that counterclaim?*

*2. If the answer is in the negative: may the court dismiss an action for infringement on the ground of an objection that the trade mark application was filed in bad faith, if the court at least simultaneously upholds the counterclaim for a declaration of invalidity, or must the court delay the decision on the action for infringement in any event until the decision on the counterclaim is res judicata?'*

#### **Consideration of the questions referred**

##### **The first question**

21. By its first question, the referring court asks, in essence, whether Article 99(1) of Regulation No 207/2009 must be interpreted as meaning that an action for infringement brought before an EU trade mark court in accordance with Article 96(a) of that regulation may be dismissed on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, without that court having upheld the counterclaim for a declaration of invalidity brought by the defendant in that infringement action, pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity.

22. According to the settled case-law of the Court, the interpretation of provisions of EU law requires account to be taken not only of their wording but also of the context in which they occur and the objectives of the rules of which they form part (judgments of 19 September 2000, *Germany v Commission*, C-156/98, EU:C:2000:467, paragraph 50; of [25 October 2011, \*eDate Advertising and Others\*, C-509/09 and C-161/10, EU:C:2011:685, paragraph 54](#); and of 26 July 2017, *Jafari*, C-646/16, EU:C:2017:586, paragraph 73).



23. As regards the wording of Article 99 of Regulation No 207/2009, entitled ‘Presumption of validity — Defence as to the merits’, which appears in section 2 of Title X of that regulation, relating to disputes concerning the infringement and validity of EU trade marks, that provision states in paragraph 1 that the EU trade mark courts are to treat the EU trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.

24. Whilst it is thus apparent from that provision that an EU trade mark is presumed to be valid, a presumption which, in the context of infringement proceedings, may be rebutted by a counterclaim for a declaration of invalidity, it cannot be determined on the basis of the wording of that provision alone whether, where a defendant in an infringement action challenges that action on the basis of a ground for invalidity of the mark and, moreover, brings a counterclaim for a declaration of invalidity based on the same ground for invalidity, the EU trade mark court must uphold that counterclaim before it can dismiss the action for infringement.

25. As regards the context of Article 99(1) of Regulation No 207/2009, it must be noted that Article 104(1) of that regulation requires an EU trade mark court hearing an action referred to in Article 96 of that regulation, unless there are special grounds for continuing the hearing, to stay the proceedings where the validity of the EU trade mark is already in issue before another EU trade mark court or where an application for revocation or for a declaration of invalidity has already been filed at EUIPO.

26. Accordingly, interpreting Article 99(1) of Regulation No 207/2009 as meaning that the fact that a counterclaim for a declaration of invalidity has been brought before an EU trade mark court is sufficient for that court to be able, even before ruling on that counterclaim, to rule on the action for infringement brought under Article 96(a) of that regulation, in reliance on the same ground for invalidity as that invoked in the counterclaim, would have the illogical effect that the rules in that regulation concerning related actions pending before different EU trade mark courts would be stricter than those concerning related actions pending before the same EU trade mark court.

27. As to the objective of Regulation No 207/2009, it must be borne in mind that Article 1(2) thereof affirms the unitary character of the EU trade mark. Having equal effect throughout the Union, the trade mark may not, in accordance with that provision, be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor may its use be prohibited, save in respect of the whole Union.

28. In that regard, recital 16 of that regulation states that decisions regarding the validity of EU trade marks must have effect and cover the entire area of the Union, as this is the only way of preventing inconsistent decisions on the part of the courts and EUIPO and of

ensuring that the unitary character of EU trade marks is not undermined.

29. It is thus apparent from the objective of that regulation that, in order to safeguard the unitary character of the EU trade mark, the decision of an EU trade mark court which, in the context of a counterclaim for a declaration of invalidity brought pursuant to Article 100(1) of that regulation, declares an EU trade mark to be invalid necessarily has effect erga omnes throughout the Union.

30. The erga omnes effect of such a decision is, moreover, confirmed both by Article 100(6) of Regulation No 207/2009, according to which an EU trade mark court must send EUIPO a copy of the decision which has become final on a counterclaim for revocation or for invalidity of an EU trade mark, and by the rules on related actions set out in Article 104 of that regulation and referred to in paragraph 25 of the present judgment.

31. Conversely, as the Advocate General noted in point 64 of his Opinion, the decision of such a court on an action for infringement has effect only inter partes, and therefore, once such a decision has become final, it is binding only on the parties to that action.

32. That is the case where, as in the main proceedings, the EU trade mark court dismisses the action for infringement because of the existence of an absolute ground for invalidity — such as the applicant’s bad faith when he filed the application for the trade mark as provided for in Article 52(1)(b) of Regulation No 207/2009 — without first having ruled on the counterclaim for a declaration of invalidity brought by the defendant to that action.

33. However, it must be pointed out that, given the unitary character of the EU trade mark and the objective of preventing inconsistent decisions in such matters, the declaration of invalidity of an EU trade mark based on such an absolute ground for invalidity must have effect throughout the Union and not only vis-à-vis the parties to the infringement action. That requirement means that the EU trade mark court concerned must rule on the counterclaim for a declaration of invalidity before ruling on the action for infringement.

34. Consequently, the EU trade mark court is required to uphold the counterclaim for a declaration of invalidity of the EU trade mark brought, in accordance with Article 100(1) of Regulation No 207/2009, in the context of an action for infringement of that mark, as provided for by Article 96(a) of that regulation, before it may dismiss the latter action on the basis of the same ground for absolute invalidity.

35. It follows from the above considerations that Article 99(1) of Regulation No 207/2009 must be interpreted as meaning that an action for infringement brought before an EU trade mark court in accordance with Article 96(a) of that regulation may not be dismissed on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, without that court having upheld the counterclaim for a declaration of invalidity brought by

the defendant in that infringement action, pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity.

### The second question

36. By its second question, the referring court asks, in essence, whether the provisions of Regulation No 207/2009 must be interpreted as meaning that the EU trade mark court may dismiss an action for infringement within the meaning of Article 96(a) of that regulation on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, even though the decision on the counterclaim for a declaration of invalidity, brought pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity, has not become final.

37. It is apparent from the answer to the first question that, in order to safeguard the unitary character of the EU trade mark and to prevent the risk of inconsistent decisions, Article 99(1) of Regulation No 207/2009 requires the EU trade mark court to uphold the counterclaim brought pursuant to Article 100(1) of that regulation before it may dismiss the infringement action within the meaning of Article 96(a) of the regulation.

38. However, as the Advocate General noted in point 80 of his Opinion, Regulation No 207/2009 does not contain any rule requiring the decision upholding the counterclaim for a declaration of invalidity to have become final in order for the EU trade mark court to be able to dismiss the action for infringement, nor any rule prohibiting that court from waiting until the decision upholding the counterclaim for a declaration of invalidity has become final before dismissing the infringement action.

39. There is no provision in that regulation that makes the EU trade mark court's ability to dismiss actions for infringement of a trade mark on the basis of a ground for invalidity conditional upon that court's decision upholding the counterclaim for a declaration of invalidity of that mark, on the same ground for invalidity, having become final, whereas such a requirement is provided for in other cases in Article 100 of that regulation.

40. In that context, it must be borne in mind that, in accordance with the Court's settled case-law, in the absence of EU rules governing the matter, it is for the domestic legal system of each Member State, in accordance with the principle of procedural autonomy, to designate the courts and tribunals having jurisdiction and to lay down the detailed procedural rules governing actions for safeguarding rights which individuals derive from EU law, the Member States having none the less responsibility for ensuring that those rights are effectively protected in each case (see, to that effect, judgments of 30 September 2003, *Köbler*, C-224/01, EU:C:2003:513, paragraph 47, and of 27 June 2013, *Agrokonsulting*, C-93/12, EU:C:2013:432, paragraph 35).

41. In this respect, in accordance with the principle of sincere cooperation enshrined in Article 4(3) TEU, the

detailed procedural rules governing actions for safeguarding an individual's rights under EU law must be no less favourable than those governing similar domestic actions (principle of equivalence) and must not render impossible in practice or excessively difficult the exercise of rights conferred by EU law (principle of effectiveness) (judgments of 16 December 1976, *Rewe-Zentralfinanz and Rewe-Zentral*, 33/76, EU:C:1976:188, paragraph 5; of 14 December 1995, *Peterbroeck*, C-312/93, EU:C:1995:437, paragraph 12; and of 27 June 2013, *Agrokonsulting*, C-93/12, EU:C:2013:432, paragraph 36).

42. It follows from the Court's case-law that the requirements stemming from the principles of equivalence and effectiveness apply, in particular, to the definition of the procedural rules governing actions based on EU law (see, to that effect, judgment of 27 June 2013, *Agrokonsulting*, C-93/12, EU:C:2013:432, paragraph 37 and the case-law cited).

43. In the present case, it is apparent from the order for reference that, under Austrian law, according to the case-law of the *Oberster Gerichtshof* (Supreme Court), an action for infringement may be dismissed on the basis of a ground for invalidity of the EU trade mark only if it is, at least simultaneously, declared invalid on the basis of a counterclaim. According to the referring court, such a requirement ensures that the plea of invalidity in the context of infringement proceedings, which has effect only *inter partes*, can succeed only if the EU trade mark is declared invalid for the same reason in the context of the counterclaim, with effect *erga omnes*.

44. It must be pointed out in that regard that, as the Advocate General noted in point 86 of his Opinion, where, as in the case in the main proceedings, the same court is required to rule both on an action for infringement of a mark and on a counterclaim for a declaration of invalidity of the same mark, consistency with the decision handed down by that court in the context of the counterclaim will prevent it from delivering an inconsistent ruling in the context of the infringement action.

45. Admittedly, the EU trade mark court is obliged to await the outcome of the counterclaim for a declaration of invalidity before ruling on the action for infringement. However, as the referring court has correctly pointed out, linking the outcome of the proceedings relating to the infringement action to the conduct of the parties in relation to the appeals against the decision upholding the counterclaim for a declaration of invalidity would in all likelihood involve serious delays to those proceedings. It should be borne in mind in that regard, as the Advocate General noted in point 89 of his Opinion, that, in so far as the parties to both sets of proceedings are the same, they have the same grounds of defence and must bear the consequences of their actions. The possibility that one of the parties may seek, through successive appeals, to delay the definitive effect of court decisions cannot therefore prevail over the court's obligation to determine the dispute brought before it.

46. Accordingly, the fact that the EU trade mark court is dealing with the counterclaim for a declaration of invalidity based on Article 100(1) of Regulation No 207/2009 and the infringement action brought pursuant to Article 96(a) of that regulation together ensures that the principle of effectiveness is observed.

47. As regards the principle of equivalence, it must be stated that, in the present case, the Court of Justice has no information that would cause it to doubt that a judicial practice such as that of the Oberster Gerichtshof (Supreme Court) referred to in paragraph 43 of the present judgment is compatible with that principle, which it is, however, for the latter court to ascertain.

48. In those circumstances, the answer to the second question is that the provisions of Regulation No 207/2009 must be interpreted as not precluding an EU trade mark court from being able to dismiss an action for infringement within the meaning of Article 96(a) of that regulation on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, even though the decision on the counterclaim for a declaration of invalidity, brought pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity, has not become final.

#### Costs

49. Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Ninth Chamber) hereby rules:

1. Article 99(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark must be interpreted as meaning that an action for infringement brought before an EU trade mark court in accordance with Article 96(a) of that regulation may not be dismissed on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, without that court having upheld the counterclaim for a declaration of invalidity brought by the defendant in that infringement action, pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity.

2. The provisions of Regulation No 207/2009 must be interpreted as not precluding an EU trade mark court from being able to dismiss an action for infringement within the meaning of Article 96(a) of that regulation on the basis of an absolute ground for invalidity, such as that provided for in Article 52(1)(b) of that regulation, even though the decision on the counterclaim for a declaration of invalidity, brought pursuant to Article 100(1) of the regulation, and based on the same ground for invalidity, has not become final.

#### CAMPOS SÁNCHEZ-BORDONA

delivered on 20 June 2017(1)

Case C-425/16

Hansruedi Raimund

v

Michaela Aigner

(Request for a preliminary ruling from the Oberster Gerichtshof (Supreme Court, Austria))

Preliminary-ruling proceedings — Intellectual and industrial property — European Union trade mark — Relationship between an action for infringement and a counterclaim for a declaration of invalidity)

1. The dispute which has given rise to this request for a preliminary ruling is between two traders selling similar, if not identical, products (herbal preparations for adding to high-proof alcohol) which have the same name, ‘Baucherlwärmer’. One is, moreover, protected by an EU trade mark, registered at the European Union Intellectual Property Office (EUIPO). (2)

2. The owner of that distinctive sign (Hansruedi Raimund) brought an action for infringement of his trade mark, arguing that Michaela Aigner, who sold her goods under the same name, was in breach of the rights inherent in registration.

3. Ms Aigner contested that action, raising a plea (3) seeking a declaration of the invalidity of the trade mark and, two years later, (4) lodging a counterclaim. In both, she contended that Mr Raimund had sought registration of the sign ‘Baucherlwärmer’ in bad faith, since she had been using the sign before he obtained the industrial property right.

4. The dispute has given rise to two sets of proceedings, heard, at first instance, by the Austrian EU trade mark court (Handelsgericht Wien, (Commercial Court, Vienna, Austria)) and, on appeal, by the Oberlandesgericht Wien (Higher Regional Court, Vienna, Austria). Whilst the counterclaim is still pending at first instance, judgment has been given at first instance and on appeal in the trade mark infringement proceedings. The Oberster Gerichtshof (Supreme Court, Austria) must rule on an appeal on a point of law against the latter judgment.

5. The Oberster Gerichtshof (Supreme Court) must determine, in particular, whether the judgment in the proceedings for infringement of the trade mark could lawfully be given before judgment was delivered on the counterclaim. In order to dispel its uncertainties in this regard, the Oberster Gerichtshof (Supreme Court) has referred two questions to the Court of Justice, which will have to give a ruling on the ambit of Regulation (EC) No 207/2009 (5) in the light of two relevant factors: (a) the presumption of the validity of EU trade marks and (b) the relationship between an action for infringement of an EU trade mark and any counterclaim for a declaration of invalidity that a defendant may bring against that action.

#### I. Legislative framework: Regulation No 207/2009

6. According to Recital 16 in the preamble to the regulation:

*‘Decisions regarding the validity and infringement of EU trade marks must have effect and cover the entire*



area of the Union, as this is the only way of preventing inconsistent decisions on the part of the courts and the Office and of ensuring that the unitary character of EU trade marks is not undermined. ...'

7. Recital 17 reads:

*'Contradictory judgments should be avoided in actions which involve the same acts and the same parties and which are brought on the basis of an EU trade mark and parallel national trade marks. ...'*

8. In the general provisions of Title I, Article 1(2) provides:

*'2. An EU trade mark shall have a unitary character. It shall have equal effect throughout the Union: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Union. This principle shall apply unless otherwise provided in this Regulation.'*

9. In Title VI, concerning surrender, revocation and invalidity, Section 3 governs the grounds for invalidity of European Union trade marks and, in so far as is relevant for the present purposes, Article 52 lists the absolute grounds for invalidity in the following terms:

*'1. An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:*

*a) where the EU trade mark has been registered contrary to the provisions of Article 7;*

*b) where the applicant was acting in bad faith when he filed the application for the trade mark.*

*...'*

10. As far as the present case is concerned, Article 53 refers to the relative grounds for invalidity as follows:

*'1. An EU trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:*

*...*

*c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled.*

*...'*

11. Title X ('Jurisdiction and procedure in legal actions relating to EU trade marks'), Section 2, dealing with disputes concerning the infringement and validity of EU trade marks, includes Article 95(1), which provides:

*'1. The Member States shall designate in their territories as limited a number as possible of national courts and tribunals of first and second instance, hereinafter referred to as "EU trade mark courts", which shall perform the functions assigned to them by this Regulation.'*

12. Pursuant to Article 96 ('Jurisdiction over infringement and validity'):

*'The EU trade mark courts shall have exclusive jurisdiction:*

*a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to EU trade marks;*

*...*

*d) for counterclaims for revocation or for a declaration of invalidity of the EU trade mark pursuant to Article 100.'*

13. Article 99 ('Presumption of validity — Defence as to the merits') provides:

*'1. The EU trade mark courts shall treat the EU trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.*

*2. The validity of an EU trade mark may not be put in issue in an action for a declaration of non-infringement.*

*3. In the actions referred to in Article 96(a) and (c), [(6)] a plea relating to revocation or invalidity of the EU trade mark submitted otherwise than by way of a counterclaim shall be admissible in so far as the defendant claims that the rights of the proprietor of the EU trade mark could be revoked for lack of use or that the EU trade mark could be declared invalid on account of an earlier right of the defendant.'*

14. Article 100 provides:

*'1. A counterclaim for revocation or for a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in this Regulation.*

*2. An EU trade mark court shall reject a counterclaim for revocation or for a declaration of invalidity if a decision taken by the Office relating to the same subject matter and cause of action and involving the same parties has already become final.*

*...'*

15. For cases where courts or an EU trade mark court and EUIPO are seised of related actions, Article 104 states:

*'1. An EU 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 other parties, stay the proceedings where the validity of the EU trade mark is already in issue before another EU trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.*

*2. The Office, when hearing an application for revocation or for a declaration of invalidity 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 other parties, stay the proceedings where the validity of the EU trade mark is already in issue on account of a counterclaim before an EU trade mark court. ...'*

## **II. Background to the dispute and questions referred for a preliminary ruling**

### **A. Facts (7)**

16. In the 1980s and 1990s, Ms Aigner's father traded in, inter alia, herbs and preparations made from spices and herbs, which he offered for sale both in his shop and itinerantly, in the streets and travelling to fairs and markets.

17. In 2000, Ms Aigner took over her father's business under the company name 'Kräuter Paul' ('Paul the Herbalist') and she sells, in particular, a herbal mixture to be soaked in high-proof alcohol, with the name 'Baucherlwärmer'. (8)

18. Mr Raimund had worked with Ms Aigner's father until 1998, when he started to compete with him. Under the company name 'Bergmeister', he sells a spice-based preparation which, since approximately 2000, he too has called 'Baucherlwärmer', and is used for identical purposes and has the same properties and effects as the rival preparation.

19. On 28 April 2006, with the intention of securing exclusive rights over the sign, Mr Raimund obtained registration of the EU (word) mark 'Baucherlwärmer' in classes 5, 29, 30 and 33 of the Nice Agreement, (9) with priority from 17 May 2005, the date of the application.

20. According to Mr Raimund, in July 2006, at a fair in Waldviertel (Lower Austria) and at other markets in the region of Upper Austria and Salzburg, he established that Ms Aigner was offering and selling her product under the name 'Baucherlwärmer'.

21. Taking the view that Ms Aigner was acting in breach of his rights derived from the EU mark, Mr Raimund sued her for trade mark infringement before the Handelsgericht Wien (Commercial Court, Vienna), which acts in that country as an EU trade mark court of first instance.

B. Procedural history of the dispute

22. In the trade mark infringement proceedings, Mr Raimund claimed that Ms Aigner should be ordered: (i) to cease using the sign 'Baucherlwärmer' for the goods and services in the classes referred to (action for a prohibitory injunction); (ii) to withdraw from trade any product or act in which the infringement of the trade mark right had occurred (action for withdrawal) (10) and, (iii) to have the judgment published (action for publication).

23. In her defence, Ms Aigner argued, inter alia, that Mr Raimund acquired the EU trade mark in bad faith and contrary to fair practice. She relied upon the same arguments some time later when she lodged a counterclaim for a declaration that the trade mark registered by Mr Raimund was invalid.

24. At first instance, the Handelsgericht Wien (Commercial Court, Vienna) stayed the counterclaim proceedings until final judgment should have been given in the infringement proceedings.

25. However, the Oberlandesgericht Wien (Higher Regional Court, Vienna) overturned that stay on appeal, so that the counterclaim is still pending at first instance, (11) no judgment having yet been delivered. Nevertheless, the action for infringement was dismissed by judgment of the court of first instance on 17 May 2015, on the grounds that it had been established that Mr Raimund acted in bad faith when he applied for registration of the trade mark, as Ms Aigner had claimed.

26. The appeal court confirmed the decision given at first instance by its judgment of 5 October 2015. It held

that, under Article 99 of Regulation No 207/2009, in proceedings for infringement of a trade mark, the defendant may argue that the proprietor (at the relevant time, the applicant for registration) of a sign acted in bad faith, if that defendant puts in issue the validity of the trade mark by counterclaiming, even if that counterclaim has not yet been decided on. The requirement in Article 99(1) of Regulation No 207/2009 was, therefore, satisfied.

27. According to the appeal court, when Mr Raimund applied for registration of the mark he had already known for a long time that Ms Aigner, and her father before her, used the sign 'Baucherlwärmer' for a product very similar to his. By his application, Mr Raimund sought to prevent Ms Aigner continuing to use that sign.

28. The Oberlandesgericht Wien (Higher Regional Court, Vienna) confirmed, in short, that the trade mark registered by Mr Raimund was invalid, in accordance with Article 52(1)(b) of Regulation No 207/2009, on the grounds that it was filed in bad faith. Accordingly, the mark could not be relied upon against Ms Aigner.

29. The Oberster Gerichtshof (Supreme Court) has to decide on the appeal on a point of law against the judgment given on appeal, that is, the judgment delivered in the trade mark infringement proceedings. The trade mark proprietor, Mr Raimund, argued before the court hearing the appeal on a point of law that the lower courts might not rule on the plea relating to bad faith in the infringement proceedings, unless the two cases (the action for infringement and the counterclaim for a declaration of invalidity) had previously been joined or a final judgment had been given in the proceedings relating to the counterclaim.

30. The referring court states that, under Article 99(1) of Regulation No 207/2009, the objection relating to invalidity may be upheld only if the defendant in the infringement proceedings has 'put in issue' the validity of the mark by means of a counterclaim. The referring court states that, in accordance with a literal interpretation of that provision, the requirement laid down therein is satisfied merely by the filing of a counterclaim. However, if regard is had to the purpose of the provision, it must be noted that it attempts to avoid divergences between legal situations inter partes, derived from infringement proceedings, and situations inherent in the effect erga omnes of a judgment declaring the invalidity of a mark in counterclaim proceedings.

31. The court making the reference takes the view that, although the EU legislature lays down the principle that an action for infringement may be dismissed only if there are duly established grounds for invalidity of the mark, with effect erga omnes, in its national law this is not exactly so. On the one hand, the rules governing proceedings for infringement of national trade marks do not provide for a declaration erga omnes of invalidity of a trade mark in a counterclaim. (12) On the other, in an action for infringement of the same national trade mark, a declaration of invalidity may be



made only as a ‘preliminary issue’ with effect solely inter partes.

32. In the area of EU trade marks, the referring court considers that, in order to ensure that a plea of invalidity relied upon in infringement proceedings can succeed, the trade mark concerned must be declared invalid in proceedings at the same time.

33. The Oberster Gerichtshof (Supreme Court) summarises the three options – and associated uncertainties – available to it in the following terms:

– *‘whether it is sufficient for the counterclaim to be brought, so that the infringement action may be dismissed even before the decision on the counterclaim for acquisition of a trade mark right in bad faith is delivered, or*

*– whether the infringement action may be dismissed on those grounds only if the mark is at least at the same time declared invalid on the basis of the counterclaim, or*

*– whether the claim that the trade mark rights were acquired in bad faith may be upheld in infringement proceedings only once the trade mark has been declared definitively invalid on the basis of the counterclaim.’* (13)

34. In those circumstances, the Oberster Gerichtshof (Supreme Court) decided to stay proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

*‘1) May an action for infringement of an EU trade mark (Article 96(a) of Regulation (EC) No 207/2009 ...) be dismissed on the ground of an objection that the trademark application was filed in bad faith (Article 52(1)(b) of Regulation (EC) No 207/2009 ...) if, despite the defendant having brought a well-founded counterclaim for a declaration of invalidity of the EU trade mark (Article 99(1) of Regulation (EC) No 207/2009 ...), the court has not yet ruled on that counterclaim?*

*2) If the answer is in the negative: May the court dismiss an action for infringement on the ground of an objection that the trademark application was filed in bad faith, if at least at the same time it upholds the counterclaim for a declaration of invalidity, or must it delay the decision on the action for infringement in any event until the decision on the counterclaim is res judicata?’*

### **III. Procedure before the Court of Justice and main arguments of the parties**

#### **A. Procedure**

35. The order for reference was received at the Registry of the Court of Justice on 1 August 2016.

36. Both parties to the main proceedings lodged written observations.

37. It was not considered essential to hold a hearing, in accordance with Article 76(2) of the Rules of Procedure of the Court of Justice.

#### **B. Summary of the observations submitted**

38. Of the three options of the referring court, Mr Raimund supports the last, that is, that a definitive declaration of validity, in counterclaim proceedings (or, perhaps, in administrative proceedings) is necessary if

an action for trade mark infringement is to be dismissed as to the substance.

39. Mr Raimund bases his rejection of the first option (it is sufficient merely for the counterclaim to be brought in order to comply with Article 99(1) Regulation No 207/2009) on its being irreconcilable with the purpose of that provision. He therefore agrees with the referring court that the scheme of Regulation No 207/2009, in the light of Article 104 thereof too, gives counterclaims precedence over pleas in infringement proceedings, when a declaration of invalidity of a trade mark is sought. That precedence is derived from the effect erga omnes of judgments delivered at the end of the former, as opposed to the effect merely inter partes of judgments delivered on the latter.

40. Mr Raimund likewise finds it inconceivable that the EU legislature would be satisfied with the mere procedural act of bringing the counterclaim. To accept that argument in order to hold that Article 99(1) of Regulation No 207/2009 has been satisfied would render Article 100(7) of that regulation meaningless.

41. As regards the second option (the necessity of simultaneous judgments in the infringement and counterclaim proceedings), Mr Raimund rejects this because it would not prevent contradictory decisions, as the Oberster Gerichtshof (Supreme Court) acknowledged in its order for reference. (14)

42. Mr Raimund therefore argues in favour of the third option (a decision is not to be given on the infringement action until a final judgment is given in the counterclaim for a declaration of invalidity), because it respects the effect erga omnes of judgments declaring a trade mark invalid in counterclaim proceedings. Mr Raimund relies on reasons of procedural economy in support of that interpretation.

43. For her part, Ms Aigner supports the first option put forward by the referring court. She bases her view on the literal interpretation of Article 99(1) of Regulation No 207/2009. In her view, all that that provision requires is that the counterclaim should have been brought (it is enough if the validity of the mark has been ‘put in issue’), but not necessarily that it should have been decided on in a judgment, still less that that judgment should have become final.

44. Moreover, in accordance with Article 99(3) of Regulation No 207/2009, it may be claimed that a trade mark is invalid, on the grounds that the proprietor acted in bad faith, when an action for infringement is contested, for such a mark ‘could be declared invalid’ on account of an earlier right of the defendant’s, without any reference being made to a definitive judgment on invalidity.

45. Ms Aigner points out that neither the wording nor the purpose of Article 99(1) of Regulation No 207/2009 supports the aim of preventing divergent decisions in proceedings for infringement (with effect inter partes) and proceedings for a declaration of invalidity (with effect erga omnes) of a trade mark. It is for national law to resolve this problem, which the EU legislature was already aware of and had accepted; furthermore, the

more recent Regulation 2015/2424 did not amend the relevant provisions.

46. Lastly, and in the alternative, should the Court disagree with her position, Ms Aigner proposes that the answer to the second question should be that dismissal of an action for infringement of a trade mark entails, at least simultaneously, a declaration of invalidity of the mark on a counterclaim, which requires the proceedings to be joined. Otherwise, the risk of divergent decisions on the merits would not be eliminated.

#### **IV. Analysis**

##### **A. Preliminary remarks**

47. The particular features of these proceedings may confuse those who are used to a system of civil procedure in which a counterclaim (not only in the area of trade mark law) is brought in the same proceedings and before the same judge or court as that hearing the main action, with that judge or court ruling on both at one and the same time in a single judgment. (15)

48. It appears from the order for reference that Austrian law of civil procedure does not necessarily follow the same lines, wherefore I believe it appropriate to put forward some considerations that may lead to a better understanding of the questions at issue.

49. In the first place, the Oberster Gerichtshof (Supreme Court) states that, according to the Austrian law of civil procedure, ‘a court hearing infringement proceedings would ... examine (on a preliminary basis) the claim for invalidity of a national mark even if the defendant had not filed any application for cancellation with the patent office (counterclaims are not provided for in relation to national trade marks).’ (16) However, that court accepts that this is not the case where EU trade marks are concerned.

50. In the second place, if by counterclaim is meant, in general, a cross-action lodged by the defendant in proceedings brought against him by the applicant before the same court, (17) from the formal point of view Ms Aigner committed no error in making a counterclaim in the proceedings, because she lodged her counterclaim with the competent EU trade mark court in Austria. (18)

51. In the third place, and from a different perspective, it must be borne in mind that the national court has referred its questions on the assumption that the infringement proceedings could not, in this case, be dismissed on grounds other than bad faith on the part of the applicant (for example, no likelihood of confusion between the parties’ goods). The national court presumes that, those other criteria being met, it will not be essential to rule on the counterclaim as a preliminary issue.

##### **B. The first question**

52. Does Article 99(1) of Regulation No 207/2009 permit an action for infringement of a trade mark to be dismissed on the grounds that the person who filed the trade mark acted in bad faith, when the defendant has, in turn, brought a counterclaim (also on the basis of bad faith) seeking a declaration that the trade mark is invalid and a decision on that counterclaim has not yet

been given? That is, in short, the referring court’s first question.

53. I believe that it would be too simplistic to give an answer based solely on the wording of Article 99(1) of Regulation No 207/2009. For want of other references in case-law (since, unless I am mistaken, that provision has not yet been interpreted by the Court), the answer must be based on two elements underlying the provision to be interpreted and others in the same legislative context.

54. The first of those elements is the unitary character of the EU trade mark, the importance of which must not be disregarded. According to recital 3 in its preamble, the aim of Regulation No 207/2009 is to introduce EU arrangements for trade marks which grant those trade marks uniform protection so that they produce their effects throughout the entire area of the Union.

55. That aim appears in Article 1(2) of Regulation No 207/2009, in accordance with which an EU trade mark has unitary character, has equal effect throughout the EU and may not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor may its use be prohibited, save in respect of the whole of the European Union. (19)

56. Recitals 16 and 17 in the preamble to the same regulation emphasise the unitary character of the EU trade mark. According to them, on the one hand, decisions regarding the validity and infringement of EU trade marks must cover the entire area of the European Union, in order to prevent inconsistent decisions on the part of the courts and the Office and to ensure that the unitary character of those trade marks is not compromised. On the other hand, they stress the necessity of avoiding contradictory judgments in actions involving the same acts and the same parties and brought on the basis of an EU trade mark and parallel national trade marks. (20)

57. The second important element is the presumption of validity enjoyed by EU trade marks, following the checks carried out by EUIPO in its examination of trade mark applications. Observance of the principle of the rule of law means that it must be acknowledged that such marks are fully effective (in that their registration is an act emanating from an EU body), so long as they have not been declared invalid by another act to the contrary, issued by a competent court, that has become final. (21)

58. The legislative framework of that presumption is found in Article 99(1) of Regulation No 207/2009, pursuant to which all concerned, including national courts, must treat EU trade marks as valid in principle.

59. The mechanisms for challenging the validity of an EU trade mark are provided for in Article 52(1) of Regulation No 207/2009 and amount to two only: (a) administrative proceedings before EUIPO on application by a party (22) and (b) a counterclaim in infringement proceedings; that is, legal proceedings before the national EU trade mark courts.

60. It may be inferred from those provisions, taken together, that EU trade mark courts are prohibited from examining of their own motion whether a trade mark is invalid and that, in the proceedings brought before them, it is for the defendant, by a counterclaim, to seek a declaration of invalidity (23) of the trade mark which, in the main proceedings, it is alleged he has infringed. (24)

61. However, under Article 99(3) of Regulation No 207/2009, a defendant in infringement proceedings may (25) submit a plea relating to invalidity without having to bring a counterclaim, but only if he relies upon an earlier right over the sign at issue. (26) That is not the case in this instance.

62. It follows from Articles 52(1) and 53(1), read in conjunction with Article 99(1) and (3) and Article 100(1) of Regulation No 207/2009, that a declaration of the invalidity of an EU trade mark in legal proceedings may be requested only by way of a counterclaim. This must be based on one or more of the grounds listed in Articles 52 (absolute grounds for invalidity) and 53 (relative grounds for invalidity) of that regulation. The sole exception to that rule, included in Article 99(3) to which I referred above, is not applicable to the present case.

63. That decision of the EU legislature is consistent with the unitary character of the EU trade mark and with the aim of preventing inconsistent judgments being given in relation to the same sign which has been registered by EUIPO.

64. Judgments given in proceedings for infringement of EU trade marks have effect *inter partes*, so that, once they are final, the force of *res judicata* binds only those who were parties to the proceedings. However, in upholding a counterclaim, judgments declaring a trade mark invalid have effect *erga omnes*. This is why, under Article 100(6) of Regulation No 207/2009, EUIPO has to 'mention the judgment' (on annulment) in the Register of EU trade marks, and that judgment will have retroactive effect, in other words, effect *ex tunc*. (27)

65. If it were accepted that any defendant in an action for infringement of a trade mark could simply put forward as a plea the (absolute or relative) grounds for invalidity of that mark, there would be a risk that similar actions brought by the trade mark proprietor in different jurisdictions would lead, in some cases, to a declaration of invalidity of the mark and, in others, to the opposite outcome. It should be borne in mind that, under Article 97(5) of Regulation No 207/2009, when bringing infringement proceedings the proprietor has the choice of the *forum delicti commissi* as an alternative to the courts of the place where the defendant is domiciled. (28)

66. The EU legislature intended, therefore, that, in national legal proceedings, the validity of an EU trade mark could be challenged only by means of a counterclaim. At the same time, it created a security measure to deal with the possibility of numerous actions, whether infringement proceedings or

counterclaims: a stay of proceedings, as provided for in Article 104(1) of Regulation No 207/2009.

67. Against this background, the interpretation of Article 99(1) of Regulation No 207/2009 proposed by Ms Aigner cannot be accepted. In her submission, a plea relating to the invalidity of the mark could be upheld, in infringement proceedings, provided that the counterclaim has been brought (but not yet decided upon).

68. As the referring court rightly observes, that approach is incompatible with the aim of the provision. It is difficult to understand why the EU legislature would require the proceedings to be stayed when there exists *lis pendens* between two trade mark courts, as a means of avoiding divergent judgments on identical subject-matter, but not impose that obligation when infringement and counterclaim proceedings are allocated to the same EU trade mark court (even if sitting as two different benches).

69. It is true that, as a result of their procedural autonomy, (29) it is for each Member State to determine the structure of its EU trade mark courts and to establish the rules of procedure for those courts, without prejudicing observance of the rules laid down in Regulation No 207/2009. However, the system of conferral of powers (and, in that connection, the system of allocation of cases within a single court which has more than one bench of judges) on national EU trade mark courts may not frustrate the aim of preventing inconsistent judgments in relation to the same mark.

70. The procedure for bringing a legal challenge against an EU trade mark distinguishes between a defence as to the merits (plea) and a counterclaim. The only possibility for a defendant of putting forward a plea relating to the invalidity of a mark in infringement proceedings arises when that defendant himself has an earlier right over that sign (Article 99(3) of Regulation No 207/2009, cited above). (30)

71. Apart from that situation, anyone who is sued for infringement of an EU trade mark and who argues that that mark is invalid must use the counterclaim procedure. A claim for a declaration of invalidity so raised automatically becomes a preliminary issue in relation to the action for infringement itself, for the presumption of validity of the mark is called into question. Before examining whether the rights inherent in the mark were infringed, it is necessary to determine, as an essential preliminary issue, whether that distinctive sign remains valid, which is precisely what the defendant has questioned by means of the counterclaim.

72. It would not make sense; procedurally, to dismiss the infringement proceedings (except in the situation mentioned by the referring court) without dispelling the uncertainties regarding the invalidity of the trade mark raised in the counterclaim. That lack of procedural sense would arise either if the cases were heard by different EU trade mark courts or if they were heard by a single court (in this case, the *Handelsgericht Wien* (Commercial Court, Vienna)) sitting as benches of judges seised of those proceedings separately.



73. The answer to the first question should therefore be that, on a proper construction of Article 99(1) of Regulation No 207/2009, when a counterclaim has been brought seeking a declaration of invalidity of an EU trade mark on the grounds that the proprietor filed the mark in bad faith, the court with jurisdiction to hear the main action for infringement of that mark may not uphold that ground for invalidity, raised as a plea in defence, until judgment has been given on the counterclaim.

### C. The second question

74. The second question of the Oberster Gerichtshof (Supreme Court) is referred if the first question should be answered in the negative, as I have proposed.

75. The referring court's second question is based on the presumption that, in the circumstances set out above, the EU trade mark court has to wait for judgment on the counterclaim before deciding on the infringement proceedings. Is it sufficient that that judgment has been given or must it have become final?

76. If the decision on the counterclaim is favourable to the defendant (that is, if the sign is declared invalid), the trade mark court could, in accordance with its national law, (31) either dismiss the action in the infringement proceedings or declare it devoid of purpose, because a trade mark that has lost *ex tunc* the protection of registration cannot be infringed.

77. In making the judgment in the infringement proceedings conditional on a prior decision on the counterclaim, the competent court fulfils the aim of avoiding contradictory judgments, which could have jeopardised the unitary character of the EU trade mark.

78. However, the Oberster Gerichtshof (Supreme Court) fears that the procedural conduct of the parties to the infringement proceedings and the counterclaim proceedings could again sap the consistency achieved by simultaneous judgments, if, for example, an appeal to a higher court was brought against only one of those judgments. (32)

79. The referring court asks whether, in such a situation, precisely in order to prevent any inconsistency, the first court must be required to refrain from deciding on the infringement proceedings until the favourable judgment on the counterclaim has acquired the force of *res judicata*.

80. In my opinion, Regulation No 207/2009 does not contain a certain rule providing that the court with jurisdiction must wait until the judgment upholding the counterclaim is final. Nor does it contain a rule preventing that.

81. Of those articles of Regulation No 207/2009 that refer explicitly to a judgment having become 'final', (33) Article 56(3) links this to a court in a Member State having adjudicated between the same parties on an application with the same subject matter and the same cause of action, and to that decision having become final (in other words, the decision cannot be overturned and no appeal can lie against it). (34)

82. However, those provisions give no clarification as to how the judgments in the respective disputes are to be treated until such time as those judgments have

become final. The explanation for that legislative silence is probably that Regulation No 207/2009 deals with the finality of judgments from the point of view of the consistency between decisions of the Office and decisions of national EU trade mark courts. It is appropriate to look briefly at this point

83. Unlike the procedure for registration of EU trade marks, which, in the scheme of Regulation No 207/2009, is established as being the exclusive task of EUIPO, unaffected by any decision of a national court, (35) competence for declaring an EU trade mark invalid is shared between the national EU trade mark courts and the Office.

84. However, that competence must be exercised alternatively and exclusively; that is, only the first body seized of the dispute (36) (whether an EU trade mark court before which a counterclaim has been brought, or EUIPO, if an application for a declaration of invalidity has been filed with it) may rule on the validity of the industrial property right. In order to prevent inconsistent decisions, the other body must stay the proceedings before it until the first proceedings have been resolved, in accordance with Article 104 of Regulation No 207/2009.

85. That stay of proceedings (37) and the duty (Article 100(6) of the regulation) of the national EU trade mark court to notify EUIPO of its judgment, when the decision declaring an EU trade mark invalid has become *res judicata* in proceedings on a counterclaim, are the mechanisms whereby the legislature seeks to ensure that decisions on invalidity are consistent and that the register of EU trade marks matches the reality of the signs it protects.

86. When it is the same court that must, at different times, decide on an action for infringement of a trade mark and on a counterclaim seeking a declaration that that mark is invalid, consistency with its own decision on the counterclaim will prevent the decision on infringement being contradictory. However, I can find no basis for requiring that court, in the light of Regulation No 207/2009, to stay the (second) set of proceedings to take account of the vicissitudes of the proceedings in the higher courts.

87. The duty of an EU trade mark court, to which I referred in my analysis of the first question, is to await the outcome of the counterclaim, before ruling (at the same time or later, depending on the national procedural provisions) on the action for infringement. I believe that, once judgment has been given on the former, that duty need not necessarily be made conditional upon the procedural strategies of the parties, more or less dependent on their chances of succeeding in subsequent appeals.

88. I agree with the Oberster Gerichtshof (Supreme Court) that linking the outcome of the infringement proceedings to the conduct of the parties in relation to subsequent appeals against the judgment allowing the counterclaim would, in all likelihood, lead to significant delays in the adjudication of those proceedings. The aim of preventing divergent judgments in relation to the same trade mark has been

satisfied by giving priority to the judgment on the counterclaim, in the light of which the infringement proceedings will be determined.

89. The parties to the two sets of proceedings being the same, albeit in opposite procedural positions, they enjoy the same rights of defence and must bear the consequences of their own acts. Admittedly, either of them may, by successive appeals, delay the effect of res judicata of the judgments at first instance, but that possibility must not take precedence over the duty of the court that has to settle the case before it.

90. That said, I wish to make it clear that, although Regulation No 207/2009 does not provide that the court hearing and determining the infringement proceedings must wait until the decision on the counterclaim becomes final, I cannot find any provisions of that legislative text that preclude such a delay either. The procedural rules of each Member State, as interpreted by their highest courts, may opt for either approach, failing any rules of EU law in that regard.

91. It may be that no appeal is brought against the judgment on the counterclaim, in which case it will be for the court that delivered that judgment to notify EUIPO of its judgment having the force of res judicata. Given that the period allowed for lodging an appeal will not be particularly long, I see no reason why the national court should wait for the judgment on the counterclaim to become final before ruling on the infringement proceedings. If, however, an appeal is brought against the judgment on the counterclaim, the national court will have to assess the specific features of the infringement proceedings (38) and whether those proceedings ought to be stayed until the judgment on the counterclaim has become final.

92. In the light of the foregoing considerations, I believe that the answer to the second question should be that an EU trade mark court may dismiss an action for infringement of a trade mark, on the grounds that the applicant filed that trade mark in bad faith when, at least at the same time, the counterclaim seeking a declaration of invalidity of that mark is upheld on the same grounds. EU law does not oblige an EU trade mark court to wait until the judgment on the counterclaim has become final before ruling on the infringement proceedings, but nor does it preclude that court from doing so.

## V. Conclusion

93. In the light of the arguments set out, I propose that the Court reply as follows to the questions referred for a preliminary ruling by the Oberster Gerichtshof (Supreme Court, Austria):

*'1) On a proper construction of Article 99(1) Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark, when a counterclaim has been brought seeking a declaration of invalidity of an EU trade mark on the grounds that the proprietor filed the mark in bad faith, the court with jurisdiction to hear the main action for infringement of that mark may not uphold that ground for invalidity, raised as a plea in defence, until judgment has been given on the counterclaim.'*

*2) An EU trade mark court may dismiss an action for infringement of a trade mark, on the grounds that the applicant filed that trade mark in bad faith when, at least at the same time, the counterclaim seeking a declaration of invalidity of that mark is upheld on the same grounds. EU law does not oblige an EU trade mark court to wait until the judgment on the counterclaim has become final before ruling on the infringement proceedings, but nor does it preclude that court from doing so.'*

1 – Original language: Spanish.

2 – Also 'the Office'.

3 – I shall use the term 'excepción' [plea] in its procedural sense, derived from the Roman exceptio with which the defendant contested the applicant's actio.

4 – According to Mr Raimund.

5 – Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1). That regulation was amended by Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark, and repealing Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OJ 2015 L 341, p. 21). However, Regulation 2015/2424 does not apply *ratione temporis* to these proceedings, although it is useful for interpretation.

6 – Article 96(c) refers to claims for compensation under Article 9(3) of Regulation No 207/2009, which are not relevant to these proceedings.

7 – The account of the facts has been deduced from the order for reference and the documents in the case-file. As is logical, it is for the national court to make a final declaration regarding the facts which it considers to be sufficiently established.

8 – The preparation is mixed with that type of alcoholic beverage, creating a warm feeling in the stomach from which its name is derived, since the literal translation of the sign is 'stomach warmer'.

9 – Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks of 15 June 1957, as revised and amended.

10 – Although the order for reference mentions the claim for withdrawal from use ('Beseitigung'), it appears from the documents in the case-file sent by the Oberster Gerichtshof (Supreme Court), in particular from the judgment under appeal before that court, that Mr Raimund also put forward a claim for destruction ('Vernichtung').

11 – It may be inferred from the case-file sent by the referring court that the action for trade mark infringement and the counterclaim were brought before

different panels of judges within the Handelsgericht Wien (Commercial Court, Vienna). That is probably due to the two-year time lapse between the action for trade mark infringement and the counterclaim, as Mr Raimund points out in his observations. In any event, there is no suggestion that the cases have been joined.

12 – According to the order for reference, in Austrian trade mark law a declaration of invalidity, with effect erga omnes, of a national trademark falls within the exclusive jurisdiction of the Patentamt (Patent and Trade Mark Office).

13 – Underlined in the original.

14 – That court presents a list of situations in which, following a declaration of invalidity of the mark in the counterclaim and dismissal of the action for infringement, subsequent appeals (that brought by the applicant only against the judgment allowing the counterclaim or that brought by the defendant against only one of the two judgments) could, if successful, lead to irreconcilable judgments.

15 – A counterclaim is simply a separate action, albeit one brought in the same proceedings by the defendant against the applicant, using the opportunity provided by the action brought by the applicant when there are certain connecting factors between the two and the court has jurisdiction to give judgment on both in a single judgment. In any given case, the defendant may either defend himself (raise pleas against the applicant's action) or counterattack (seek his own forms of order against the applicant) in a counterclaim. Although some legal systems allow 'counter pleas' or implicit counterclaims (for example, in relation to the set-off of claims or the nullity of certain legal transactions), there is no need to refer to these in connection with the present preliminary-ruling proceedings.

16 – Point 3.2 of the order for reference. I do not know whether this point could be related to the lateness of Ms Aigner's counterclaim and to the fact that she claimed bad faith as a substantive plea in her defence to Mr Raimund's action.

17 – Procedural economy and prevention of the risk of contradictory judgments are usually cited as aims of a counterclaim. See Okońska, A., *Die Widerklage im Zivilprozessrecht der Europäischen Union und ihrer Mitgliedstaaten*, ed. Mohr Siebeck, Tübingen, 2015, pp. 269 and 270.

18 – It is unclear why that court did not join the two sets of proceedings so that it could decide on them at the same time. Indeed, it does not appear to be usual practice to allocate a counterclaim to a different court or panel of judges: in the proceedings which led to the judgment of 11 June 2009, *Chocoladefabriken Lindt & Sprüngli*, C-529/07, EU:C:2009:361, paragraphs 3 and 4, the same panel of judges of the Handelsgericht Wien (Commercial Court, Vienna), sitting as the EU trade mark court of first instance, was seised of both the EU trade mark infringement proceedings and the counterclaim.

19 – Judgment of 12 April 2011, *DHL Express France*, C-235/09, EU:C:2011:238, paragraphs 40 and 41.

20 – *Ibid.*, paragraph 42.

21 – See, in that connection, judgments of 13 February 1979, *Granaria*, 101/78, EU:C:1979:38, paragraph 5, and of 28 January 2016, *Éditions Odile Jacob v Commission*, C-514/14 P, EU:C:2016:55, paragraph 40.

22 – The decision given by the Office, allowing or dismissing the claim for a declaration of invalidity, may be challenged before the Boards of Appeal; their decision may, in turn, be contested before the General Court, whose judgments are open to appeal before the Court of Justice. However, strictly speaking, a declaration of invalidity is made in the administrative proceedings, since a subsequent judicial review (by the EU judicature) is restricted to an examination of the lawfulness of that declaration. A trade mark may be declared invalid in legal proceedings only where an appeal is brought against the dismissal of an application for a declaration of invalidity and that claim is upheld by one of the EU courts.

23 – The defendant may also seek revocation of the mark as a possible basis for his counterclaim. I shall not refer to this possibility, not germane to the subject-matter of the dispute.

24 – In administrative proceedings, EUIPO also lacks the power to examine the question of invalidity of its own motion. Under Article 56(1) of Regulation No 207/2009, it is left to rival economic operators to seek, as one of my predecessors put it, the cleaning-up of a registration, whilst the Office must remain completely neutral. See, in that connection, the Opinion of Advocate General Ruiz-Jarabo Colomer in *Silberquelle* (C-495/07, EU:C:2008:633), point 46. Although that case dealt with revocation, the argument can be applied to the field of invalidity.

25 – Referring directly to Article 96(a) of that regulation.

26 – The amendment introduced by Regulation 2015/2424 has removed that possibility because it created uncertainties regarding its compatibility with the principle of priority in that it required the proprietor of an earlier right to obtain a declaration of invalidity of the later sign in order successfully to contest that sign. The new wording of Article 9 of Regulation No 207/2009 should dispel those uncertainties. See Max Planck Institute for Intellectual Property and Competition Law, *Study on the Overall Functioning of the European Trade Mark System*, Munich, 2011, p. 108.

27 – According to Article 55(2) of the regulation, and subject to the need to respect legal positions already acquired referred to in Article 55(3).

28 – In those cases, Article 98(2) restricts the jurisdiction of an EU trade mark court to acts committed within the territory of the Member State in which that court is situated. Although that requirement is not particularly compatible with the principle of the unitary character of the EU trade mark, its aim is to prevent forum shopping, which is always undesirable. See Sosnitza, O., 'Der Grundsatz der Einheitlichkeit im



Verletzungsverfahren der Gemeinschaftsmarke — Zugleich Besprechung von EuGH, Urt. v. 12.4.2011— C-235/09— DHL/Chronopost’, GRUR, 2011, p. 468.

29 – See, inter alia, judgments of 11 September 2003, Safalero, C-13/01, EU:C:2003:447, paragraph 49; of 2 October 2003, Weber’s Wine World and Others, C-147/01, EU:C:2003:533, paragraph 103; of 7 January 2004, Wells, C-201/02, EU:C:2004:12, paragraph 67; and of 13 March 2007, Unibet, C-432/05, EU:C:2007:163, paragraph 43.

30 – That assertion is supported by Huet, A., ‘La marque communautaire: la compétence des juridictions des États membres pour connaître de sa validité et de sa contrefaçon [Règlement (CE) n.º 40/94 du Conseil, du 20 décembre 1993]’, *Journal du Droit International*, No 3, 1994, p. 630, and Gallego Sánchez, F., ‘Artículo 96 — Demanda de reconversión’, in Casado Cerviño, A. and Llobregat Hurtado, M.L. (Coord.), *Comentarios a los reglamentos sobre la marca comunitaria*, La Ley, Madrid, 2000, p. 874.

31 – In accordance with Article 14(1) of Regulation No 207/2009 ‘... infringement of an EU trade mark shall be governed by the national law relating to infringement of a national trade mark in accordance with the provisions of Title X’.

32 – For more details, see footnote Error! Bookmark not defined. of this Opinion.

33 – Article 55(3)(b), Article 56(3), Article 84(3), Article 100(6) and Article 112(6).

34 – Article 100(2) of Regulation No 207/2009 extends that same effect (but without referring to ‘res judicata’, given the administrative nature of the body) to ‘final’ decisions of EUIPO ‘relating to the same subject matter and cause of action and involving the same parties’.

35 – Judgment of 21 July 2016, Apple and Pear Australia Ltd and Star Fruits Diffusion v EUIPO (Pink Lady), C-226/15 P, EU:C:2016:582, paragraph 50.

36 – Subject to the possibility provided for in Article 100(7) of Regulation No 207/2009, to the effect that the national trade mark court may stay the counterclaim proceedings before it and remit the decision on invalidity to EUIPO, on application by one of the parties.

37 – The new wording given to Article 100(4) of Regulation No 207/2009 by Regulation 2015/2424 requires the EU trade mark court with which a counterclaim for a declaration of invalidity has been filed to stay the proceedings in accordance with Article 104(1) until the decision on the application for a declaration of invalidity by EUIPO is final.

38 – It should be noted, by comparison, that the obligation to stay the proceedings laid down in Article 104(1) of Regulation No 207/2009 is not absolute, since it is made conditional on there being no special ground for continuing the proceedings.